Sir Norman Angell — page 12 The Food Securities — page 13

# THE FINANCIAL POST

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**The Nation's Business**

## Let's Face the Facts —At Home

Let's face this fact: that the efficient mobilization and control of wartime labor supply is the most immediately urgent requirement of Canada's war effort.

Canada is spending, in a few months, over $200 millions on new industrial construction. This is more money than has gone into new industrial plants in an entire decade since 1928.

A rough estimate of annual production of these new plants ranges between $1,000,000,000 and $1,500,000,000. At least two thirds of this production has not yet begun to reach into the labor market for men and women.

No one even knows, as yet, how many workers will be required to man these plants.

What is clear is that the demand cannot be met efficiently without nation-wide mobilization and direction of labor supply both in war and "peace" industries.

* * *

How many new workers will be needed?

A billion dollars of production in the textile, iron and steel and chemical industries gives employment in peacetime to at least 250,000 men and women. We can be certain then that our war programme for new munitions and supply alone will require at least that many persons in the next six to twelve months, probably a far greater number.

This is quite apart from those who will be needed to "service" these workers, give them food, transportation, clothing, etc.

The sort of thing that will be required is illustrated by this example:

> One single armament factory is now producing roughly 15 "units" of a certain war munition each month. It is employing 4,500 men, not one of whom was engaged in munition work a few months ago. The schedule of production at this plant calls for an output by Sept., 1941, of 85 units a month—a 5½-fold increase. To meet this schedule, at least 25,000 men and women will be required. This many wage earners with their families, "services," and living requirements would be equivalent to a community of the size of Hamilton.

Equally striking are the needs of one particular branch of the munitions and supply programme. The programme now outlined in blueprint form calls for an output of about $400,000,000 annually. Present employment is about 10,000. By April this must rise to 50 000. By next September, when it reaches its peak, to 100,000

Where will we get these workers?

* * *

Already employment has risen over 200,000 in the past 12 months. At least another 200,000 have joined the armed forces. Of this total, one man out of every two has come from non-wage-earning groups. These are men and women not included in normal estimates of labor "reserves."

In fact, never before has the Canadian labor market been drawn upon so heavily as it has in the past year. After allowing for a hard core of about 100,000 "unemployables" in Canada's labor "reserve," it seems almost certain that at this present time our visible reserves have shrunk to virtually zero.

And the really important new demand for industrial labor is only just beginning to appear. It will probably reach considerable momentum by next April. By September of next year, this demand will be at its peak.

* * *

Let us face the fact that, to meet this demand efficiently means that drastic steps must be taken at once to mobilize, direct and control the nation's labor supply. Otherwise there cannot be enough men and women ready to do the work that must be done if we are to win the war.

For one thing, there is a colossal job to be done in "budgeting" available labor supplies. Until the past week there has been an almost complete lack of information as to the types of skilled workers available. Figures now being collected at Ottawa may help to clarify this and lay the basis for a proper programme of mobilization and control.

In any event, Canada and Canadian wage earners must be prepared for territorial and occupational shifts in labor force. This will require careful organization of markets. It will require greatly expanded training facilities.

Adjustments may have to be made in prevailing hours and even of wages.

Canada's reservoir of labor will have to be increased by tens of thousands of women workers.

Men and women will have to be moved from non-essential and peacetime employment into war industries. This will require withdrawal of skilled workers, and in some cases arbitrary curtailment of consumption or restriction of production.

Some skilled workers will have to be moved from the armed forces back into industry.

Labor from agricultural industries, especially those where there is overproduction, will have to be shifted into war work.

* * *

It would be misleading and inaccurate to suggest that Ottawa is not aware of the problem, or to suggest that it is a problem that Canada cannot tackle and solve. Yet it is true that there has been as yet little of haste or efficiency in coming to grips with it.

The recent blunder of not permitting essential war workers exemption from the 30-day draft is a glaring example of mismanagement and ineptitude. It clearly showed the need for better integration and co-ordination in cabinet direction. This need has been met only partially by appointment of a labor co-ordination committee under the chairmanship of Hon. Norman McLarty.

There has been little or no attempt to educate Canadians to the need or seriousness of the labor situation.

Even in wartime the lives of 2½ million wage earners cannot be regimented industrially on the scale or in the manner now forecast without the most universal understanding of and support for the problem in hand.

Let's face the fact that right now the most urgent requirement of Canada's war effort is the efficient mobilization and use of wartime labor supply.

* * *

### Reorganizing Canada's War Supply

The influential and independent Brantford Expositor makes a strong plea for a "competent businessman" to take charge of the entire buying programme with respect of war materials.

The Expositor refers to the stand taken by The Financial Post on this point. It notes that The Post's recommendation is meeting with widespread approval in manufacturing circles.

The editorial says in part:

"While there can be no question as to Ottawa having been thoroughly aroused from its pre-war lethargy, the machinery of administration can still stand more oil and some of the equipment itself needs replacing.

"A principal fault and, under

(Continued on page 2, col. 3)

### *Short Selling Ban is Lifted*

All restrictions have been removed from trading by Montreal and Toronto Stock Exchanges. Short selling has been banned since May 22 last but beginning with Oct. 24, this restriction is lifted. Short selling was banned at the outbreak of war but when the stock market moved sharply upward, the ban was lifted and not replaced until the panic break of last May. Trading on the Toronto Exchange is now free from all hindrances.

"Nobody's afraid of short selling in this market anyway," was the comment of one financial man.

## Major Step On Labor Looms

### Ottawa Now Faces Growing Need For Drastic Action to Control Emergency

From Our Own Correspondent

OTTAWA. — Having found a formula to give workers in essential industry a clear right-of-way over 30-day training and C.A.S.F. enlistment, the Government is now facing a new and much more serious labor dilemma.

The decision now under discussion at Ottawa is whether or not the time has arrived for drastic action to ensure adequate labor supply for the needs of war industry.

The labor control programme which Ottawa now knows must be faced carries far-reaching implications.

It will require a personal appeal to the entire nation from the Prime Minister if, as and when it is introduced.

If the Prime Minister cannot achieve the necessary result then it is possible that some form of national government may be necessary to effect the proper control and support.

Rt. Hon. W. L. Mackenzie King with his long experience in the field of industrial relations is deemed one man who can, if he will, require of labor and industry the sacrifice and support which will be necessary if the nation's labor force is to be mobilized effectively to meet war's urgent needs.

**When Is The Time?**

At the moment the only question which is really in doubt is timing. Just now the Government is inclined to put off the day when drastic steps must be taken. Faith is being put in conference and discussion. The counsel of those who urge forthright measures is being cold shouldered.

But the recent move to set up a co-ordinating cabinet committee on labor problems under Hon. Norman McLarty, Minister of Labor, is not considered adequate to deal with the situation. Much more drastic steps, involving wide powers to a labor administrator who will command the respect and loyalty of both labor and industry, are forecast.

Some of the problems which such an administrator would have to face include:

1. Drastic steps to eliminate "poaching" of skilled workers from one plant to another.
2. Recruiting of skilled workers from non-war industries which are large employers of labor. This may have to be done by direct withdrawal or by restricting production and curtailing consumption in those industries.
3. A rapid, substantial increase in the available supply of female labor.
4. Withdrawal of labor from agriculture and agricultural industries. This is considered an important source of immediate labor

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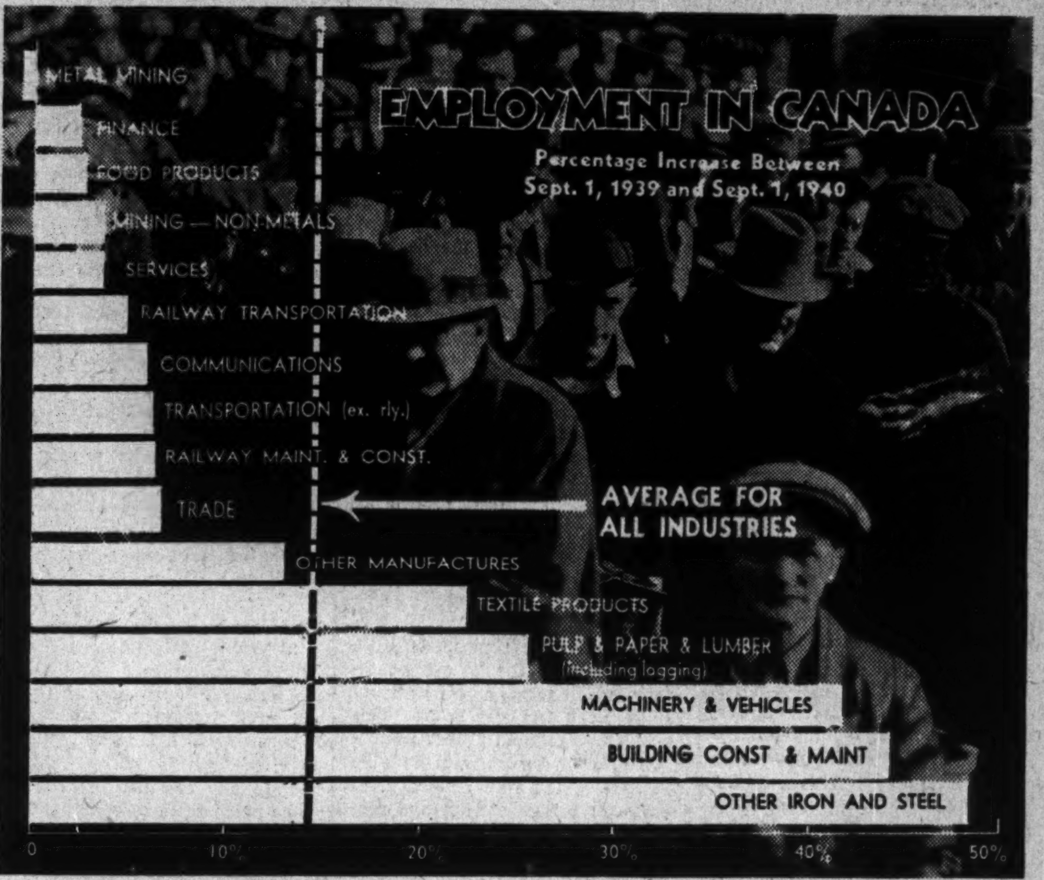

Canada's rapidly swelling might as Empire arsenal is reflected in this chart showing that for the average industry in the Dominion there has been an increase in employment of 17% in the first year of war. Only decline—mining—was fractional. Total number employed by reporting firms for Sept. 1, 1940, was about 1¼ millions and the increase in workers over the year was roughly 170,000.

## Full Steel Supplies Now Seem Assured

### Stepping Up Capacity 400,000 Tons to Meet Peak Demands Next Summer — No Strict Rationing for Non-war Industries

From Our Own Correspondent

OTTAWA. — Barring the unexpected, there should be sufficient steel for Canada's huge war demands this year, and without serious restriction of civilian requirements. This is the view in official quarters, The Financial Post is informed. The needs of Mars will get first call, of course, but normal business may expect fairly liberal rations.

The steel industry is already operating on the priority schedule published elsewhere in this issue. But there has been no hardship entailed, for the simple reason that except in a few limited lines there has been no shortage.

Operating at record levels but still well within potential capacity, there has been plenty of steel for both kitchen stoves and guns, for tanks and motor cars. But the real crisis is still ahead.

**Not Yet Full Speed**

Canadian war industries are not yet in full stride. Plants are still building, existing machinery is not yet turning out maximum volume of shells, guns, tanks, planes and other steel-consuming war equipment. By next July, however, something close to maximum war production will be under way. By that time practically all of the new government plants will be going full blast. By then the flood of contracts signed in recent weeks will be calling for delivery. War requirements will be running 500,000 tons per year higher than at present.

Measured in ingot capacity per year our steel industry at present is operating at a shade over two million tons.

The problem is to find half a million tons capacity without shutting off every steel consumer not working on war orders.

Potential or theoretical steel capacity of present Canadian plants is 2,370,000 tons per year. This rate, however, calls for continuous production, 24 hours a day with no shutdowns for repairs. That pace can be maintained for a few weeks but not any longer in steel making. Authorities are not hopeful of getting much of their extra half million tons from this source.

To build complete new steel plants

(Continued on page 2, col. 7)

## Famous Players Well Ahead

Gross revenues of Famous Players Canadian Corp. have moved steadily upward over the past year, The Financial Post is officially informed.

This has been the case generally across Canada. Best results have been obtained from sections which are gaining most as a result of war activities or where there are concentrations of troops

Net earnings, before taxes, have also been well above last year's level to date and for the full year should show good gains.

What the actual net profits will be, however, cannot be forecast until it is known more accurately how much must be paid in taxes. Company officials accept the fact that a substantially heavier burden will have to be met. It is possible that net profits, after providing for all taxes, may not be much above the 1939 level of $2.09 a share earnings on the common.

**High Revenue Pictures**

Theatre operations this year have been aided by what company officials consider a better than average run of pictures.

Furthermore, it has been clearly demonstrated that gross revenues of motion picture producers and exhibitors move directly with national income. With earnings everywhere across Canada going up, particularly among people who have not had adequate incomes in recent years, the outlook is generally promising.

## War Cost Threatens Income of Provinces

### Soaring War Bills, Exchange Problem, and Expected New Taxes Driving Ottawa Into Broad Deal With Provincial Authorities

Staff Writer, The Financial Post

OTTAWA. — With the Government's financial authorities busy on the estimates for the next fiscal year, it may be taken for granted that the visit this week of Hon. J. L. Ilsley, K.C., Minister of Finance, to Premier M. F. Hepburn of Ontario, was not a purely social call.

Ottawa does not question that Mr. Ilsley went to Toronto for a frank discussion of taxation and exchange problems with Ontario's premier.

A brief examination of some of the problems of war finance will indicate that their solution must depend upon close working co-operation between the Dominion and the provinces.

The Dominion, this fiscal year, must raise about $1,600 millions for the ordinary costs of government, to meet war bills and to assist—through repatriation of British-held Canadian securities—in the balancing of Britain's accounts in Canada.

That this figure will increase in the next fiscal year is already evident from the vast enlargement of Canada's war commitments.

**May Need $2,100 Millions**

Assuming that routine expenditures remain unchanged and that there is a 50% increase in war and repatriation costs, Mr. Ilsley's financial requirements would be about $2,100 millions. If war and repatriation commitments doubled, the budget could conceivably run to about $2,750 millions.

The lower figure is almost certain to be reached; the upper figure is at least a possibility.

Ottawa will, of course, hope to get a substantial portion of the needed new money out of the increased revenues from existing taxation; increased revenues that are bound to result from the spread of war supply purchase money into every nook and cranny of the Dominion. But new taxes, additional to those now imposed, will also be unavoidable. And that is where the provinces come into the picture.

Ottawa can hardly go much farther in the matter of taxation without seriously jeopardizing the tax revenues of the provinces. In fact, those revenues have already been hit by Dominion war taxes. The last income tax increases will probably cost the province of Ontario alone about $2 millions. The excise taxes on automobiles are likely to affect retail automobile sales to some degree and therefore to curtail provincial revenues from motor license fees.

**Merely a Foretaste**

These results were merely a foretaste of what is likely to follow as Ottawa reaches out farther into the taxation field. Subsequent new taxes may be even more direct and positive in their effect on provincial revenues, because it is the apparent intention of the Government to use taxation, not only as a way of raising money, but as a way of curtailing civilian buying of various products, including some that bring revenue to the provinces.

At this point the problem of American dollar exchange enters the picture. Unofficial calculations (elaborated in an article on page 11) indicate that Canada is utilizing its reserves of American dollars at a substantial rate. With enormous commitments for the purchase of machinery, airplanes and materials in the United States, it will be necessary for the Government to take further steps calculated to give the war a priority on American dollars. The ban on pleasure travel in the hard currency countries is likely to be followed by bans, equally severe, on the use of American dollars for many other civilian purposes.

**May Hit Gasoline**

The provinces have a very definite interest in that prospect. Officials here have openly referred to imports of petroleum products as one of the possible targets of exchange control. Some time ago restrictions on the use of gasoline seemed to be just around the corner. The oil companies made representations that carried weight and no more was heard until recently of the possible restriction of imports of gasoline and the raw materials of which it is made.

Ottawa believes that gasoline was one of the main subjects discussed by Mr. Ilsley during his visit to Ontario's premier. Ottawa wants to save much of the exchange that is now going to buy imported petroleum but Ottawa cannot save those American dollars without playing havoc with provincial revenues from gasoline taxes.

**New Financial Deal**

Inevitably, in the opinion of seasoned observers of the Dominion's financial picture, the war is driving the ten governments of Canada to-

(Continued on page 2, col. 6)

## Seaway Deal May Add To Joint Niagara Flow

### Hitherto Uncertain, Increased Diversion for Power by Canadian and U. S. Plants Now Reported Covered by Pending Treaty

Increased water flow for both Canadian and U. S. power plants at Niagara Falls, giving an immediate large boost to output, is now reported embraced by the pending St. Lawrence seaway deal. This would be in addition to the extra flow allotted last week to Ontario plants alone.

A Canada-U. S. treaty on the seaway is considered likely by the end of the year or even before. This will provide, it is believed, for an immediate start on the power projects of the seaway scheme—perhaps by next spring. The navigation phases would be left until after the war.

Greater use for power of the boundary flow at Niagara, if also provided by the treaty, would serve a double purpose.

Added diversion by the plants on both sides of the river has long been mooted. It was provided for in unratified treaties in 1929 and 1932, and by the 1938 seaway treaty proposals which led to the present negotiations. It is part of the general plan for remedial works, flow control and scenic beautification at the Falls.

More important immediate objective is to provide a quickly available source of extra power for war industries in the two countries, pending completion of the vaster power developments of the seaway scheme.

**Readily Available**

First power from the seaway projects could not be delivered before three years at the earliest, and the scheme as a whole would take five to seven years to complete. Additional flow at Niagara would permit more power to be generated without adding to present plants and equipment on either side of the border.

Joint use for power of the international flow at Niagara is now limited to 56,000 cubic feet a second by the Boundary Waters Treaty of 1909. Present prospect is said to be that the new seaway treaty will sanction extra diversions up to 20,000 c.f.s., the additional flow to be shared equally between the two countries. This would boost potential power resources by 100,000 h.p. on each side of the river.

**Extra for Ontario**

The further 10,000 c.f.s. thus allotted for the Niagara plants of the Ontario Hydro-Electric Power Commission would be over and above the 5,100 c.f.s. recently conceded to Ontario by Washington. Under this pre-seaway deal the U. S. has agreed to full use at Niagara now, by the Ontario plants, of a flow matching that from the Ogoki and Long Lac diversions into Lake Superior.

The 1,100 c.f.s. flow from the completed Long Lac project can be turned into the Great Lakes system at any time, but the $5 millions Ogoki scheme (4,000 c.f.s.) would take two years to complete.

In effect, the U. S. recognizes the right of Ontario to all of the extra flow ultimately to be diverted into the Great Lakes from purely Cana-

(Continued on page 2, col. 1)

## The War And Business . . A Weekly Round-up

### *Big Budget Figures*

Finance Minister Ilsley and his officials are beginning to scan estimates of different governmental departments. It will be recalled that the Minister stated in Toronto recently that he had asked for early submission of 1941-1942 estimates.

He intimated that he intended to give them a pretty rigorous examination to the end of pruning them to the limit.

But there will be three or four departments where it will not be possible for the Minister of Finance and the Treasury experts to do much pruning. They are the three Defense departments, plus Munitions and Supply.

This year the Dominion Government has to find about $1,600 millions, including regular "peacetime" expenditures; war costs and repatriation to help U. K. financing in Canada. But day by day Canada's war commitments have grown. If between June last and April 1 next they advance 50%, the total Dominion budget will exceed $2,100 millions. If the war commitments double, then the budget will be around $2,750 millions.

It is impossible to say that war costs will double beyond present commitments. For one thing there is difficulty in spending money at such a rate—lack of men, materials, etc. But businessmen, taxpayers and investors, should prepare themselves for some big figures.

* * *

### *Zinc Control Next*

Next metal likely to be rigidly controlled is zinc. It will be put under restrictions not much less exacting than those applied to aluminum.

There seems, however, to be nothing of the sort in the wind for copper or lead, which are apparently abundant.

* * *

### *Power Ample Now*

Officials have been sizing up power prospects for this winter and see no likelihood of a shortage. The real problem will come in the winter of 1941-1942. New power plants and extensions will have to be rushed to completion as quickly as possible.

In Ontario's great industrial area the immediate problem of getting sufficient "energy," as distinct from peak capacity, has been solved by the Ogoki diversion. As a special article elsewhere in this issue indicates, Ontario is likely to get even larger divisions of new water at Niagara Falls as soon as needed. Future diversions would have to be shared with the United States.

* * *

### *What Britain Needs*

Canada's war supply authorities have recently obtained a clearer picture of British needs as a result of the visit of a special envoy from the Old Country. He brought, too, accurate information on the production progress of British war industries in the face of Nazi air bombings.

Naturally officials are not issuing any public statements on what they learned. But some shift in emphasis in Canadian production may be expected. Orders for some needs will be greatly speeded up, even at the expense of other war articles where a substantial sufficiency has been achieved.

* * *

### *Revise E.P.T.*

Around Ottawa the feeling grows that the Excess Profits Tax will be drastically revised at the next session of Parliament. This will be the second revision. In its original form the E. P. T. was unworkable; now it promises to work all too well—like an executioner's axe.

The present law is crucificial on small companies with rising incomes. And, at a time when the utmost efficiency is needed in the economic life of the country, the tax provides an incentive to wasteful conduct of business.

There is no evidence, however, that Government has gone farther in its discussions than to agree that the tax is so heavy as to be likely to defeat its purpose of bringing in maximum revenue with the nearest possible approach to even-handed justice.

* * *

### *Mass 'Plane Output*

American aircraft manufacturers have made enormous strides in shifting to a near mass-production basis. Two types of planes used by the army have already been standardized so that parts can be made in a large number of plants and also assembled in more than one. Standardization also implies agreement between Canada, United States and Britain on specifications, so that a plane made for one country will be equally suitable for the others.

With an increasing flow of airplane engines in prospect, the American industry is getting close to the point where production figures can take a big jump. Washington talks of 50,000 planes a year as being a "minor job."

Where Canada will fit into this integrated airplane industry picture is still not clear. But it must be obvious that if American-type planes, modified by the lessons of actual fighting experience in Flanders and Britain, become standard equipment for the fighting forces of the three countries, Canada is destined to play a bigger rôle in aircraft production than it has previously.

* * *

### *Britain Will Win*

The United States News, Washington, has reported on a poll of "experts" on the subject of who will win the war.

**Foreign diplomats:** 82% call Britain to win; 7% Germany to win.

**U. S. diplomats:** 70% call Britain to win; 13% Germany.

**U. S. Army officials:** 66% Britain; 10% Germany.

**U. S. Navy officials:** 68% Britain; 5% Germany.

The figures do not in any case add up to 100%. The remainder in each of the groups either predicted a stalemate or a British victory with United States aid.

* * *

### *Russia Must Choose*

A. Beverley Baxter, M.P., addresses an open letter to Josef Stalin, through the columns of the Sunday Graphic: "You must make your choice now; you must choose between Hitler and us," Baxter tells the Russian dictator.

Hitler's strategy from the start has been to bump off France and England, then turn on Russia, declares the Canadian-born British M.P. Hitler is not ready to turn on Russia yet.

"He may ask you (Mr. Stalin) for some oil and request you to stand aside while he fortifies Roumania and moves against Greece and Turkey, but not until he has made his way to the Dardanelles will he begin his preparation for the invasion of Russia.

"So far Hitler has succeeded for one reason and one only. His victims have preferred to have their throats cut singly rather than take the risk of combining against the aggressor.

"Are you going to prove the last and greatest of these self-deceived unfortunates?"

* * *

### *Where's the B.I.S.?*

"What is the Secret Service doing?" asks the famous political writer, Candidus, in the Daily Sketch, London. It is a question that many people have been asking ever since 1938. Time after time the actions of the British Government in international matters have seemed to be taken in defiance of private or press service information that was later proved to be strictly accurate. Recently, Norway and Dakar seemed to prove the inadequacy of British intelligence in wartime.

Candidus says:

"During the war of 1914-1918 our Intelligence had some brilliant achievements to its credit, and it was universally acknowledged to be, in every branch of it, second to none of its rivals.

"In this war, so far as the layman can judge, its record is undistinguished."

* * *

Candidus offers no explanation of the seeming ineffectiveness of British secret service in this war. He says there is much gossip of amateurs in the secret service who hold responsible posts through push or influence.

Probably a more correct explanation would be that the British Intelligence has been starved in years of peace. We recollect seeing a figure once that indicated that the total fund available a few years ago was about enough to pay around $100 a year to a bare minimum of agents. No doubt the figure has grown enormously, but unless the money is being spent to build a thorough professional service the British Intelligence will never be able to keep up with the Gestapo.

## Make Sure You See —

Canada's Food Industry Serves Britain's Needs
*What War Has Meant to Food Securities—p. 13.*

Sir Norman Angell Tells How Hitler Rose to Power
*Hitler's New World Order Vs. New Democracy—p. 12.*

The Rapid Progress Made by Our Shipbuilders
*Shipbuilding Plan Far Ahead—p. 21.*

How Canada Rations Her Steel Supplies
*Steel Priority Guards War Output—p. 4.*

Reasons Behind the Mine Market's Move
*Why Gold Mining Stocks Show New Strength—p. 22.*

Why Newsprint People Desire a Tax Ruling
*Paper Firms Seek E. P. Tax Ruling—p. 8.*

The Revised Way of Handling War Charities
*New Board to Advise on War Charities—p. 22.*

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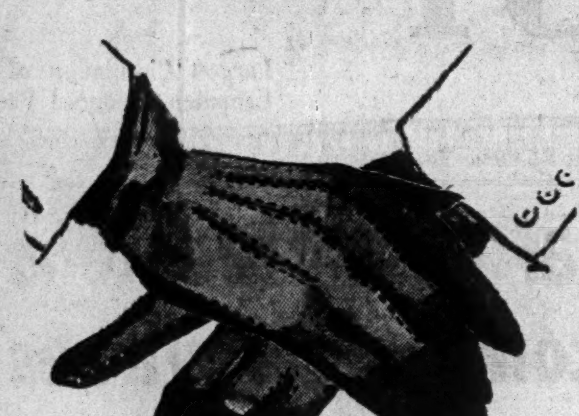

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# Treaty May Add To Niagara Flow

(Continued from page 1)

dian waters—the Albany River basin draining into Hudson Bay.

### Ogoki Deal Pending

As far as can be learned, the Ogoki-Long Lac-Niagara arrangement has not yet been formalized and the Ontario Hydro plants at Niagara have not yet started to use the extra flow assured by the announced deal. Premier Hepburn of Ontario has declared his readiness to complete the Ogoki scheme and use the extra water, but there still appears to be no specific agreement along this line between Ontario, Ottawa and Washington.

When clear title to the Ogoki-Long Lac flow was given Ontario, in last week's official announcement, it appeared doubtful that any further diversion at Niagara would develop from the seaway negotiations.

The long-standing question of a general increase in the Niagara flow shared for power purposes, along with the broad problem of flow control and scenic protection at the Falls, was understood to have been discussed without any agreement being reached.

### More Niagara Flow

Uncertainty now appears to have been replaced by a definite prospect that the treaty will provide for a greater Niagara power flow, along with immediate seaway power development and the deferred navigation works.

The prospective increase of 10,000 c.f.s. in the Niagara power flow on each side of the river corresponds to that provided in the 1929 treaty between the two countries. This pact, which failed to be ratified by the U. S. Senate, called also for remedial works and general flow control to preserve Niagara's scenic attraction. Particular object of the programme was to check erosion of the Horseshoe Falls.

The extra diversions for power purposes were to be limited to the period between Oct. 1 and March 31 in each year and were to terminate at the end of seven years, a period considered long enough to observe effect of the remedial works and make a permanent deal for greater power flows.

### Covered by Treaties

Greater diversions for power at Niagara were also provided by the 1932 treaty for the St. Lawrence seaway, which also failed to get U. S. Senate ratification. The matter again cropped up in the 1938 seaway treaty proposals from Washington, but, in a general way, the suggested extra flow being limited to 5,000 c.f.s on a temporary basis.

It is not yet clear if the extra flow now in prospect will be limited to seven years and allowed for only half of each year. It is even possible the diversions might be increased under pressure of power demand from Canadian war industries and the U. S. defense production programme. Additional flow above the 10,000 c.f.s. now proposed could be used on both sides of the border without extending plants or equipment, though this would not be as efficient or economic as if new plants were built.

It is generally believed that substantial extra flow can be diverted for power at Niagara without seriously depleting the flow in the river or over the Falls.

### Seaway Need Obviated?

The situation in regard to extra power flow now has recently been complicated by arguments, advanced by the Niagara Frontier Planning Board and appearing in U. S. press articles, that assurance of such flows would obviate the need for the seaway project. This suggestion is scouted by Canadian power experts, who say that extra power flow at Niagara would moderate the value of seaway power to the U. S. relatively little.

The extra 100,000 h.p. made available in New York State by the extra Niagara flow would not absorb prospective increase in demand for more than a year or so, it is estimated in informed quarters. The expected new demand beyond that during the next few years will have to be met, it is said, either by a major development such as the seaway or by extensive steam plant construction. A large steam plant programme is already under way in New York State.

It is possible in view of this situation that the Niagara flow question might be kept in abeyance until after the seaway power project is assured.

### Survey Funds Provided

In the meantime President Roosevelt has notified Congress of appropriation of $1 million to cover the cost of the new engineering surveys to be made immediately to pave the way for early launching of the seaway power projects.

Arrangement for such surveys by a joint U. S.-Canadian committee were announced officially last week to facilitate start of seaway construction without loss of time when final agreement is reached. There has been no indication as to what part of the cost of the surveys, if any, Canada is to bear.

### Division of Costs

There has also been no sign as to the division of costs and method of financing, immediately in regard to the seaway power scheme and ultimately for navigation. It is possible the United States will carry the financing until Ontario is ready to take over its share of the power developments and until Canada is ready to proceed with the navigation phases.

In any event the projected new treaty will require fresh agreements between the Canadian and Ontario Governments, and between Washington and the New York State Power Authority, for allotment of costs for the purely power aspects of the seaway development.

As the estimated 2 million h.p. of seaway power will be divided between Ontario and New York, they are slated to pay for purely power works and a share of works common to the power and navigation projects. The power development now proposed will likely be planned to dovetail into the navigation works when ultimately undertaken.

**JOINS GAS COMPANY**

M. R. Gooderham, K.C., who has been elected a director of Consumers' Gas Co. of Toronto. Mr. Gooderham, who is president of the Manufacturers Life Insurance Co., fills a vacancy created by the death of L. Goldman.

# The Nation's Business

(Continued from page 1)

the circumstances, a serious one, is a lack of full co-ordination in the handling of war orders. The existing situation, marked by needless delays and a certain amount of rather aimless confusion, has led many industrial executives to the conclusion that what the Government requires is a competent businessman who will act as general manager in charge of the entire buying programme with respect to war materials.

"The Financial Post has already strongly advocated such an appointment, and the recommendation has met with widespread approval in manufacturing circles. One need go no farther than Brantford to find evidence of totally unnecessary red-tape procedures in the matter of placing and supplying orders, to say nothing of inexcusable delays in the making of payment for goods delivered.

"To guarantee a maximum war effort, there must be greater efficiency in this and other respects than now exists. A competent coordination of war-order purchasing agencies under a dynamic controller would be one way to ensure such efficiency."

• • •

Lessons of the last war, and the judgment of businessmen who know from their own practical experience the rudimentary importance of centralized production control, all point to the same answer. And in the United States a very similar problem is being faced.

Last week Walter Lippmann, in his column "Today and Tomorrow," in the Toronto Globe and Mail, pointed to the reason for delay in the defense rearmament programme. The weakness, said Mr. Lippmann, is that Mr. Knudsen—the businessman and administrator—has not been made chairman. Under the U. S. plan, the President was named chairman. Had Mr. Knudsen been given the authority to cut through red tape he would unquestionably have done a quicker, more effective job.

• • •

In Canada, Hon. C. D. Howe is trying to be both policymaker and administrator. There is no one man of the Knudsen type free from political connections and having supreme authority to co-ordinate the entire supply programme.

Such a man would have no cabinet post, no political duties or responsibilities. He would have full power to direct, supervise and co-ordinate the work of this department. He would be judged solely by his ability to get results.

His appointment is a matter of increasing urgency as this $1.5 billion programme begins to take shape.

• • •

## War Charities Discuss Integration

With a full year of experience from which to draw, Canada is moving toward an integrated national policy in respect of voluntary war service organizations.

Last week's meeting at Ottawa under the auspices of the Department of National War Services was the most important conference on this subject that has yet been held.

It was attended by representatives from Red Cross, K. of C. Army Huts Fund, Legion War Services Fund, the Y.M.C.A. War Services Fund and the Salvation Army Red Shield Fund, the Navy League, the Y.W.C.A. and the I.O.D.E. Representatives of other national bodies such as the National Council of Women, the Association of Community Chests and Councils and the Canadian Welfare Council attended in an advisory capacity.

Though the meeting made little progress toward the "one-big-campaign" idea, it set up a new National War Services Advisory Board. This organization, granted proper leadership and an opportunity to have its views translated into action, gives promise of bringing order and reason out of a situation which is now highly chaotic.

• • •

Inability to agree on a policy for holding one united appeal for all national agencies was due to unwillingness of the Canadian Red Cross Society to join.

Officers of that body affirmed disbelief in the efficacy of joint campaigns. They said the Red Cross was essentially an emergency organization. It could not be tied down to an annual campaign.

The Y.W.C.A., the Knights of Columbus, the Legion, the I.O.D.E. and the Navy League expressed willingness to enter a joint campaign without the Red Cross.

The Y. M. C. A. and the Salvation Army were not prepared to commit themselves, as yet, to a joint campaign which did not include the Red Cross.

Unless and until there is public demand to the contrary, the Red Cross will probably run its own campaign separately "for the duration."

Whether steps will be taken to bring other national organizations into line for a single campaign will doubtless depend on the advice of the new advisory board.

• • •

It is this board which must be looked to for relief, by business and personal donors and by those concerned with the present duplication of services and appeals.

The board must advise the minister as to the merits of war charity appeals by national organizations.

It must analyze financial statements, proposed budgets and each programme of service.

It must advise the minister as to the fixing dates for these national appeals.

Membership includes representatives from each of the national bodies concerned and at least an equal number of members-at-large. The chairman of the board is appointed by the minister.

• • •

The board has an onerous and useful task to perform.

Quite apart from a joint public campaign for funds there is the even more fundamental question of the service which each body should or can perform.

Before any worth-while decision can be made as to campaigns, there must first be an evaluation of the job which each of these bodies is doing.

It is the scope and work of each agency which must first be ascertained and outlined. Once done, there will be time then to find the most effective, efficient way to raise money with which to do the work.

This procedure has proved wise and sound in the peacetime experience of community chests and social work agencies. It is the one that should be followed by the new board.

If serious, effective work is done along this line it will pave the way for smooth, efficient operation of wartime services.

This is the first job which the new board should tackle.

# Bondholders to Seek New Abitibi "Sale"

Expectation is that the Bondholders' Protective Committee for Abitibi Power & Paper Co. will apply to the Ontario Supreme Court for another offering at public sale of Abitibi assets. This time the application will be for a sale with no reserve bid.

When the Oct. 16 sale was held, F. H. Barlow, K.C., Master of the Court, set a reserve bid which was higher than the only bid made at the sale, that of the Bondholders' Committee at $30 millions. For this reason the sale was declared "abortive."

Now the Master will report back to the court that the sale failed. A hearing is being held Oct. 24 at which his report will be read and those appearing will have an opportunity of checking its accuracy or method of expressing the facts. This hearing will probably be purely routine. How soon the next sale, assuming that the expected application of the Bondholders is successful, could be held, cannot be foretold but normally there would not be any great delay.

### No Decision From Noranda

So far as can be learned, Noranda Mines has not yet decided whether or not to pursue further its application for a distribution on account of interest and for postponement of the sale. Noranda also sought, in the event that the court ruled that the sale must go on, to have certain assets sold separately. This type of sale will be opposed by bondholders.

The Judge, in refusing Noranda's first application, intimated that there was nothing to prevent the company from renewing the application after the sale had been held on Oct. 16.

### Kernaghan Offer

E. B. Kernaghan, representing International Service Co., is continuing efforts to obtain support for his offer to purchase Abitibi for $40.3 millions. So far this is the only definite offer to be received with the exception of the $30 millions bid by bondholders. The Master, however, refused to entertain the International Service bid at the sale.

Mr. Kernaghan's scheme provides for the issue of new securities and payment of cash on the following basis:

The holder of each $1,000 Abitibi 5% bond would receive:

1. $100 in cash.
2. A $500 bond of Abitibi Electric Co., 3½%, due 1956.
3. $500 in 5% bonds, due 1961, of Abitibi Paper Co.
4. $250 in 5% debentures of Abitibi Paper Co.
5. Two shares of Provincial Paper Co. common.
6. Two shares of Abitibi Paper Co. common.

Shareholders and creditors would get Abitibi Paper Co. common on the following basis:

For each 7% prefered share, 1½ shares new common.

For each old 6% preferred share, one share new common.

For each 12½ old common shares, 1 new common share.

For each $25 of claim, general creditors would get one new common share.

The effect of this scheme would be to give present bondholders 55% of the authorized new common, thus assuring that control of the company remained with this group.

### Would Divide Company

The whole scheme is based on what Mr. Kernaghan regards as a logical division of the present Abitibi set-up. He would create Abitibi Electric Co. to take over all of the present power projects and resources. The explanatory letter accompanying the offer suggests that Ontario Hydro-Electric Power Commission would be given an opportunity to acquire these power properties. There would be $24.1 millions of these Abitibi Electric bonds issued under this scheme, requiring $844,672 for annual interest charges. It is calculated that this charge would have been earned 4.07 times in 1939 before allowing for depreciation.

The 5% Abitibi Paper Co. bonds would be secured by the newsprint and pulp properties and would be outstanding to $24.1 millions. No interest would be paid which would reduce working capital below $6 millions and a sinking fund of 20% of net earnings is provided.

The 4% debentures would be convertible at any time into common on the basis of 40 shares for each $1,000 debenture and would carry voting rights pertaining to the 40 common shares. No interest would be paid which would reduce working capital below $7.5 millions.

No dividends could be paid on the common which reduce working capital below $12 millions.

## Obituaries

**W. A. Munn**, founder W. A. Munn & Co. Ltd., cod liver oil manufacturers, St. John's Nfld., and managing director the Newfoundland Insurance Co., aged 76 at St. John's.

**W. H. Hubbard**, superintendent Patterson Chocolates Ltd., of Toronto, aged 68, at Toronto.

**E. S. Williams**, manager restaurant T. Eaton Co. Ltd., Toronto, at Cooksville, Ont.

## Bond Redemptions

| Bond Issues: | Rate | Year | Due | Price |
|---|---|---|---|---|
| Riordon Pulp .... | 6% | 1942 | Dec. 31 | 105 |
| Canada Cement | 3½% | 1941-4 | Nov. 1 | 101 |
| Drilling Cont. .. | 5½% | 1943 | Jan. 15 | 100 |
| Eastern Car .... | †6% | 1952 | Jan. 1 | 105 |

†Drawn by lot $44,000.

| Stock Issues: | | | | |
|---|---|---|---|---|
| Stand. Steel .......... | Pref. | | Jan. 2 | †50 |

†Plus accrued dividend.

EXECUTIVE

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# Drastic Moves On Labor Loom

(Continued from page 1)

supply because of over-production in many agricultural industries.

5. Careful organization of the entire labor market and greatly expanded training facilities with extensive plans for moving labor forces, both territorially and by occupational groups.

### Skill Now Main Lack

The immediate problem is not so much the general scarcity of labor as the scarcity of skilled classes.

Unfortunately, there is still lack of accurate, specific information as to types of skilled workers available. This has only partly been remedied through analysis of national registration forms. It may be considerably eased by returns now being made to Ottawa from thousands of industrial employers throughout the country.

Statistical facts about the current demand and supply of labor are hard to find.

One analysis, based on estimates made by official sources, has been worked out to show that of 400,000 persons who have enlisted or found jobs since the war began, only 54,000 came from relief rolls. Of the remainder, about 140,000 are thought to have been unemployed wage earners not on relief and at least 200,000 (this figure may be 10% low) from non-wage-earning groups.

If these figures are accurate, never at any time in recorded labor history has industry drawn so heavily on non-wage-earning groups as in recent months. Previous record figures go back to 1928-29.

### Reserve Has Vanished

Allowing for recruiting in the armed forces and leaving a hard "core" of some 100,000 unemployable persons, it is believed that labor's "visible" reserves—reserves which are almost wholly unskilled—have virtually disappeared to the vanishing point within recent weeks.

On the demand side it is known the real pinch is still perhaps four to five months away, but that by late winter or early spring the demand for labor of all types throughout Canada will increase so rapidly and so widely as to create an acute national crisis unless ample precautionary steps are taken immediately to remove possible bottlenecks, train unskilled workers and mobilize generally the entire labor resources of the country, whether now working in war or peacetime industry.

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## Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

| Municipal— | Date Issued | Sold to | Rate | Due | Amount | Price | Yield |
|---|---|---|---|---|---|---|---|
| Toronto ........................ | Oct. .... | Wood, Gundy & Co., A. E. Ames & Co.,<br>Royal Bank, Dominion Bank ........... | 2%<br>2¼%<br>3¼%<br>3½% | 1941-43<br>1941-44<br>1941-60<br>1941-70 | $869,000<br>1,104,000<br>1,854,000<br>1,890,000 | 100.41 | 3.23% |
| Leaside, Ont. ........................ | Oct. .... | J. L. Graham & Co. ........................ | 3½% | ....... | 41,815 | .... | .... |
| Leamington, Ont. ........................ | Oct. .... | Harrison & Co. ........................ | 3½% | 1941-56 | 250,000 | .... | .... |
| Sherbrooke, Que. ........................ | Oct. .... | Bell, Gouinlock & Co. ........................ | 4% | 1941-60 | 225,000 | 101.50 | .... |
| Provincial— | | | | | | | |
| Nova Scotia ........................ | Oct. .... | Wood, Gundy & Co., and Syndicate ...... | 3½% | 1950 | 1,592,000 | *97 | 3¾% |

*Offering price.

## Investor's Index

Oct. 26, 1940

Abitibi . . . . . 2
Aluminium . . . 22
Beauharnois . . 9
Bell Telephone . 21
B. C. Power . . 21
Brown Co. . . . 21
Burns & Co. . . 9
Canadian Car. . 9
Can. Indus. 3, 7, 21
Can. Locomotive 4
Can. Machinery 5
Can. Northern . 21
Can. Pacific . 4, 9
Can. Wirebound 9
Ch. Research 4, 22
Coast Brew. . . 22
Consol. Sand . . 21
Crown Cork . . 4
Crow's N. Pass 10
Distil.-Seagrams 21
Dom. Foundries 7
Dom. Scottish . 9
Dom. Textile. 9, 21
Dom. Woollens . 9
Famous Players 1
Hayes Steel . . . 11
Inter. Pete. . . . 9
Inter. Power Co. 9
Inter. Utilities . 11
Loew's London . 3
Mar. Nat. Fish . 11
Mexican Light . 4
Mt. Royal Hotel 4
National Life . . 10
Quebec Power . 4
Saguenay . . . . 21
Shawinigan . . . 9
Southland Paper 4
Steel of Canada 7
Tip Top Tailors 9
U. Cigar-Whelan 21
United Fuel . . 9
United Steel . . 4
W'minster Paper 8
Winnipeg Elec. . 9

MINES AND OILS

Anglo-Can. Oil . 23
A. P. Consol. . 23
Beattie . . . . 23
Bonetal . . . . 22
Bralorne . . . . 23
Broulan . . . . 22
Bulolo . . . . 23
Central Cadillac 23
Chesterville. . . 23
Cournour . . . . 23
Cymry . . . . . 23
De Santis . . . . 23
Delnaur . . . . 23
Dome . . . . . 22
Dumico . . . . 23
Franco Oils . . . 23
Golden Gate . . 23
Granby . . . . . 23
Howey . . . . . 23
Hudson Bay . . 22
Inspiration . . . 23
Inter. Nickel . . 22
Kirkland Lake . 23
Lake Shore . . . 23
Little Long Lac 23
Longlac Lagoon. 23
Macassa . . . . . 23
Madsen . . . . . 23
McD.-Segur . . . 23
McIntyre . . . . 22
McKenzie R. L. 23
Naybob . . . . . 23
Preston . . . . . 22
Senator . . . . . 23
Siscoe . . . . . . 23
Sladen Malartic 23
Spud Valley . . 23
Sullivan . . . . . 23
Teck-Hughes . . 23
Thomp.-Lund. . 23
Uchi . . . . . . 22
Upper Seine . . 23
Vermilata . . . . 23
Wendigo . . . . 23
Wright-Harg. . . 22

REGULAR FEATURES

Banking .............................. 11
Bond Markets .............................. 5
  Bond Quotations .............................. 20
Business, Week in .............................. 7
Commodities .............................. 21
Company Reports .............................. 22
Editorial .............................. 6
Foreign Exchange .............................. 5
Insurance:
  Fire and Casualty .............................. 10
  Life .............................. 10
Investment Trends .............................. 4
  Investment Enquiries .............................. 9
  Market Opinions .............................. 4
  Stock Quotations .............................. 20
Mining, Week in .............................. 22
  Mining Enquiries .............................. 23
  Stock Quotations .............................. 20
Municipal Finances .............................. 11
Oils, Week in .............................. 23
  Stock Quotations .............................. 20
Pulp and Paper .............................. 8
Wheat, Week in .............................. 21
  Grain Quotations .............................. 21

# War Cost May Force New Deal

(Continued from page 1)

ward some form of new financial deal which will bear a resemblance at least to the recommendations of the Rowell-Sirois report. That probably explains the reason why Ottawa let it be known recently that the report was not shelved for the duration but was under study.

What has happened is that the growing complexity of the Government's financial problems has driven the authorities to explore the Rowell-Sirois report in the hope of finding an answer to the problem of getting more money into the Dominion treasury while maintaining the financial strength of the provinces.

Officials here have been gratified by the excellent spirit of co-operation displayed by the provinces as a whole in curtailing their expenditures and in clearing the tracks, so far as possible, for Dominion financing of war requirements. But Ottawa realizes that from now on the co-operation of the provinces can be extended to the Dominion only at the cost of increasing self-denial.

### See Many Sacrifices

Whatever comes of the various discussions among authorities at Ottawa and of the conversations with provincial leaders, Canadians may expect far-reaching changes in the taxation and financial sphere during coming months. War demands for money must be met; and if they are to be met the Canadian people will have to learn to do without a great many of the facilities and amenities they now enjoy. The provinces will have to permit further violence to be done to some of their revenue sources. In exchange they may be given increased grants from the Dominion. And that would be a long and perhaps irretraceable step toward the final implementation of the recommendations of the Royal Commission on Dominion-Provincial Relations.

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# Adequate Steel Supply Seen

(Continued from page 1)

is considered out of the question. That is also out of line with a war policy that takes into consideration readjustment of economic life after the peace. In any case two years would be required to build a steel plant and war factories will want extra supplies within nine months.

Biggest chunk of the half million tons needed is coming from expansion of present facilities. Negotiations are almost completed for the addition of a stack to a big central Canada steel plant. This will step up output of pig iron by 94,000 tons per year. At the usual mix of 50% pig iron to 50% scrap, and with no serious shortage of the latter in sight, this should raise steel ingot capacity by close to 200,000 tons. And this production, it is confidently expected can be created in six months at the outside. Largely it is in the nature of expansion of present facilities.

From internal economies in the industry, at least another 100,000 tons and possibly twice as much is expected. Some plants have more ingot than rolling capacity and some vice versa. Hereafter, Ottawa will see that supplies are arranged so that all operations in the production of steel are fed smoothly; no one process will wait for materials on another.

### May Divert 10% Only

This in regular steel then leaves only a shortage of 100,000 to 200,000 tons to be made up. It is well under 10% of total production and authorities are confident that its diversion from ordinary commercial channels will hardly be felt.

Already there have been voluntary offers to curtail consumption for projects not immediately necessary. Several provinces, for instance, will reduce or cease highway construction which consumes steel for bridges, culverts, fences, etc. Certain building plans too, involving churches, schools and asylums have been postponed. Ottawa is hopeful that this mild restriction, plus substitution of less vital products where possible, will be sufficient. Apparently, so far as steel is concerned, the authorities are no more anxious to deprive the housewife of her new refrigerator or car than is the manufacturer of those products.

Even in its wartime priority schedule for steel the same consideration is shown. War work, of course, gets the right of way. Steels for this purpose, or for buildings or machinery used for war work, come first but only as wanted. A war order for 100 tons of steel sheets does not necessarily mean that the whole 100 tons will be wanted in one load. Usually only so much per week is required. After such a supply has been arranged then the authorities have no objection, in fact they encourage, the steel mill to fill up the rest of its current rolling programme—the slack so to speak—with other categories of business and there seems little prospect of this slack seriously shrinking, The Post was informed.

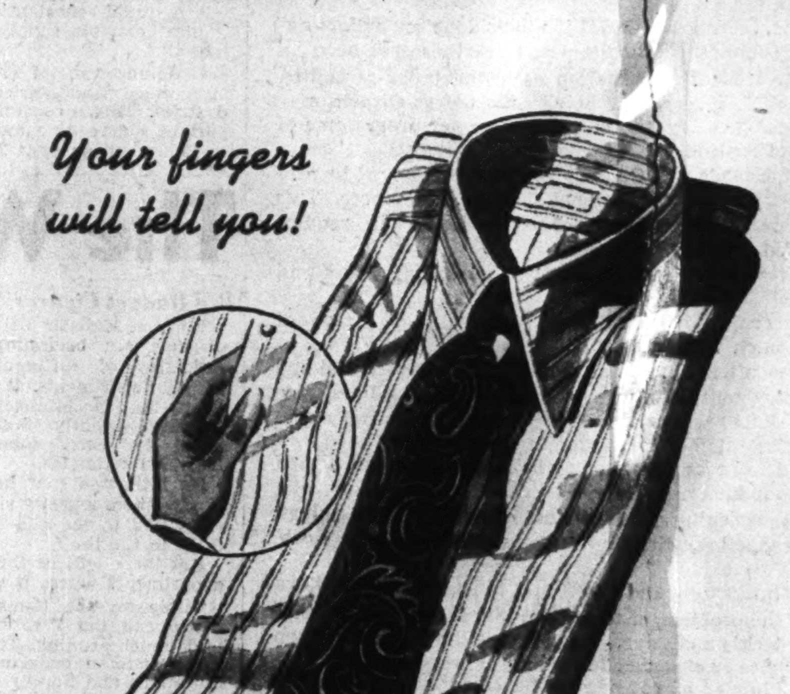
### Alloy Steels

So much for the regular steel programme. In special high-speed alloy steels, a different situation exists. This is the steel used for making cutting tools, literally steel to cut steel. It is specially tough and specially produced.

In normal times the mining industry is the big user in Canada, but now that demand has been overshadowed by war. This special steel is wanted in big volume for making gun barrels, moving parts in artillery equipment, rifle and machine gun barrels, etc. To ensure an adequate supply the Government last week completed arrangement with an Ontario steel plant, which has specialized in this sort of steel, whereby production is to be stepped up several thousand tons per month.

Plant additions and working capital totalling $5.5 millions will be borne by the Government. New production will start within six months, it is expected, and in any case before the present armament programme reaches its peak.

Your fingers will tell you!



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# London Calling

### by Atticus

## Atticus Writes Through Midst of Bombing Raid But From Top Floor Hotel Suite — Hearty Barrage of British Guns Add to Perils of the Street

LONDON.—These notes are being written under somewhat unusual conditions in the early hours of a Saturday morning. Three or four hours ago I came to a distinguished hostelry in Park Lane to dine with friends.

It is one thing nowadays to go out to dinner but quite another to get back. Running the gauntlet of the bombs was a reasonable risk, but the extremely hearty and most welcome barrage of our guns has added that extra spice of danger from falling fragments which makes either a stroll or a motor ride during a raid an uninviting prospect. A friend of mine realizing my plight has put his suite at my disposal for the night. It has the normal advantage of being on the top floor, but he has taken to sleeping on a mattress down below.

The corridors of the hotel are full of people sleeping on mattresses and doing it with that amazing adaptability of the British which already makes a bed seem something of an eccentricity. The guns are pounding away at intervals, giving one the odd effect of being at sea during a thunderstorm. I always thought that thunder at sea was strangely like the guns of Flanders, so it seems only right that the guns over Park Lane should seem remarkably like thunder at sea.

It is in these odd conditions that I put down such passing impressions as may occur to me.

• • •

### Off to America

Somerset Maugham, who was at the dinner, is going to America, where he will tell the story of the collapse of France and the high temper of Britain. He will do it well, for he has an intense sympathy with the French and a deep-rooted understanding of his own countrymen. Unlike most authors, Mr. Maugham's personality in no way expresses the spirit of his writings, unless one goes back to his "Of Human Bondage," which was so closely the story of his own life as a medical student.

As a conversationalist he is modest, sympathetic, and appreciative of the mere suggestion of humor; yet most of his writings have been a conscientious and sometimes bitter study of the failings of human nature. When I taxed him with this he replied: "Men become great through their limitations, not their gifts." He said it with such sincerity that one could not dismiss it as a mere play on words. Later, like all writers, we fell to discussing money. "I once wrote a short story called 'Rain,'" he said. "An American dramatized it and I received £40,000 in royalties, having had nothing to do with the play." He admitted rather sadly that the play had one genuine novelty about it. Never before had any author written a drama in which the rain fell during the whole performance.

• • •

### Not the "Fat Boy" Trick

Sir John Anderson is blessed with an unruffled exterior which has stood him in good stead in many difficult times. Recently, however, he has allowed a slight and most understandable look of satisfaction to soften his solid Scottish features.

When the war began it was his task to prepare the country, and especially London, for a violent onslaught from the air. Children and businesses were evacuated, the blackout was uncompromising and severe, while the vast army of A.R.P. stood ready for any emergency. But the blitzkrieg did not come and Sir John became something of a bogy man. He had frightened the old ladies, disrupted families and trade, and generally created a state of emergency for a danger which had not materialized. Sir John was regarded as a second Fat Boy trying to make the nation's flesh creep.

Now he and his faithful henchman, William Mabane, M.P., can see the whole country turning in gratitude to the auxiliary firemen, the wardens, the auxiliary police, the nurses and all the rest of that noble band which works so fearlessly and skilfully through the hours of the day and night in their task of helping the destitute and guarding the careless.

• • •

### Fellow "Traveller"

Like most people I have an insatiable curiosity as to what is going on in enemy countries. Therefore I was glad to hear some first hand details of Italy from the Duke of Leeds when I lunched with him and Lt.-Col. W. H. B. Long, a brother of the late Viscount Long of Wraxall.

The Duke is an excellent raconteur with a lively appreciation of the pleasant qualities of the Italians as well as a clear recognition of their faint ridiculousness as a nation.

He was attached to the British Embassy for special duty and on the day that the Italians came into the war he went over to the famous square to hear Mussolini announce it from his balcony. There was no great enthusiasm in the crowd assembled there but immediately after the streets were filled with organized processions chanting: "Corsica! Tunis! Nice!" As these processions were unbroken the Duke saw no way of getting back to the Embassy except by joining the marchers. When he reached the Embassy he unobtrusively fell out of the ranks—not before winning the highest opinions from his fellow marchers.

A few days previously an attempt to organize a demonstration of students outside the British Embassy had proved a damp squib. Undeterred, the authorities then tried the same thing with a section of the Balilla, the little boys of the Fascist movement.

When the youngsters arrived, however, they merely gazed politely at the guard drawn up. Nothing could get them to hurl even an insult, whereupon their leader, with a tactfulness worthy of a better cause, shouted, "Do not insult the guard; they are only doing their duty. Do not shout 'Down with the British!' Do not do anything at all. Show them that Italians are gentlemen." Then the little boys were marched away, wondering why they were told to do what they were already doing, and yet obviously earning the disapproval of their masters.

SIR JOHN ANDERSON

The Duke is slim with delicate features, a soft humorous voice and large eyes of comparative innocence. I could have listened much longer to his anecdotes of the Italian nation forced into a war which is almost universally unpopular with the people.

• • •

### Deserted Metropolis

It is nearly two o'clock. The bolero of the guns is livelier, but the streets are silent and deserted. No roisterer makes his unsteady way home singing a discordant chorus as his feet collide with the heaving earth. No taxicabs sail by with their cargoes of returning pilgrims of the night. Even the destitute have disappeared with the affluent, the romantics, and the wastrels. The siege of London is on; but the moon still lights the roofs with its enchantment and the parks slumber placidly, as though no enemy could disturb their friendly dignity. The wind murmurs as though mourning the leaves that have fallen so soon.

Well . . . as the guns won't rest, I think I shall.

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## The Post-Bag

### News From Down Under

With October issues, Australian periodicals are being cut by one third in size, based on last year's average size. No new journals may be started.

The newspapers have already made a one-third voluntary cut.

Australia's new paper mill will shortly be producing newsprint.

• • •

### The Wonderful North

No matter how often one visits the North Country, one cannot get over the attractive mixture of civilization and wilderness that makes up Ontario's major mining camps.

Kirkland Lake, with 24,000 people, is a much more modern town than most communities up to that size in southern Ontario. The street lights, store fronts, window displays, good hotels (including a "Park Lane"), etc., all combine to make Kirkland Lake a city of 1940 vintage. The Ferguson Highway is paved and new cars tear along it at top speed. But anywhere in the bush around Kirkland Lake wild life is abundant. A bull moose, with cow and calf, walked across a mining property six miles from Kirkland Lake the other morning. Partridge are plentiful, as are deer and bear. There are scores of lakes, most of them with rocky shores, lined with spruce, hemlock and pine. But at the King Kirkland property there is a long sandy bathing beach.

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### Onion Trouble

Part of the programme at the International Ploughing Match in Ontario's Elgin County last week included hospitality to visiting celebrities at Premier Hepburn's home. A favorite and appropriate way to entertain Hepburn guests at this time of year is to serve tnem onions grown by the Premier.

One very important group of visitors who had thus been entertained had planned an important meeting the following morning.

The meeting was a gloomy affair. Reason: Indigestion.

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### U. K. Sells Out

Sydney, Australia, newspaper reports that numbers of British firms with subsidiaries in Australia are selling them out to American firms.

No substantial movement of this character has yet been noted in Canada.

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### News in Book Form

"Newsbooks" is the word that might be used to describe a new and valuable type of publication which American publishers are now producing as occasion suggests. They deal with matters of exceeding topicality; they are inexpensively printed and bound. They bring the essence of a subject to the reader almost as quickly as a weekly periodical could do it.

A typical one is "The Draft and You," by Emmanuel Celler. In 80 odd pages, about the size of the giant scribblers you used when you went to school, the author answers all the scores of questions the young man in the States is now asking.

If you have questions about how the U. S. draft works you can get this book from MacMillan's, Toronto, at $1.25.

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### U. S. Election

Although Wendell Willkie has been strengthening his position in many key states, the various test polls indicate that President Roosevelt is still far in the lead for the November election. He seems assured of enough states to guarantee his re-election even though the popular vote may be very close.

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### Freedom Defined

Does freedom really matter? Any Canadian is certain to answer "Yes" to that question. But could he present a convincing case for freedom? Could he indicate just what is this freedom that we are fighting for?

Sir Norman Angell discusses the question in a little Penguin book, just published under the title "Why Freedom Matters." (Collins, Toronto, 20 cents.)

Sir Norman is perhaps the world's most lucid expositor of ideas, as readers of The Financial Post well know.

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### Change of Address

A British publisher writes to his subscribers:

"If you have been bombed, do not fail to send us a postcard giving us your new address."

• • •

### War History

There is only one contemporary history of the war in pamphlet form. This is the Oxford Periodical History of the War, published regularly by the Canadian branch of the firm in Toronto. Five numbers have already been published, written by Prof. Edgar McInnis of the University of Toronto.

The five pamphlets have now been brought out in a permanent book called "The War: First Year." There have been some revisions; an index has been supplied; there is an exceedingly smart photomontage cover. Raymond Gram Swing has written the introduction. Price is $1.50.

All of which is evidence of the resourcefulness and energies of W. H. Clarke, Canadian manager of Oxford.

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### Portent?

The mayor of Los Angeles has been on a visit to Australia. The other morning when he got up he found a Los Angeles "City Limits" sign outside his door.

This was just someone's idea of how to make a visitor feel at home. But some folks saw a portent in it. Australia has been closer to the United States for many years. One local citizen looked at the sign and mumbled something Cowperish that sounded like:

"Regions Caesar never knew
"Thy Posterity shall sway."

• • •

### Place to Eat

"Agumik" is the Cree for "eating place." Smartest thing in northern Ontario now is the new restaurant car of the T. and N. O. Railway, named the "Agumik," and first of a series of such cars to be provided on this gold country line. It was built in the railway's own North Bay shops and went into service Sept. 8.

A counter runs the full length of the car. Patrons sit on high, leather-backed stools. Equipment includes soda fountain, hot-plates, coffee urns, refrigerators and a host of other modern restaurant gadgets, all in stainless steel.

The "Agumik" is an old-style dining car remodelled. The waiters have given place to neat waitresses. The menu covers a wider range and, unlike the average dining car menu, is drawn up to "fit every purse."

# Nine Provinces Find 33 Taxation Groups

For taxation purposes, Canada's nine provinces divided corporations into 33 classifications, according to a compilation recently prepared by Ontario authorities.

Not all of the provinces use all 33 classifications but the whole 33 are used by one or more provinces. Where a separate classification may not be made by a province, the general tax usually applies so that few escape.

Ingenuity of the nine provincial tax-gathering agencies has resulted in an amazing duplication of tax returns, partly because each province has its own ideas of what should be taxed. Take the case of taxes on capital and surplus alone.

#### Taxes on Capital

Without exception, each province taxes at least some classifications of companies on the basis of capital. Prince Edward Island imposes a tax based on paid-up capital only on non-operating companies with head offices in that province. Others use this tax widely.

But capital taxes may be based on paid-up capital or on capital plus reserve and surplus. Distinction is made by Saskatchewan between shares with a fixed value and no par value shares. Capital taxes in New Brunswick and Nova Scotia may vary between Dominion companies, companies active only in the province, extra provincial companies and foreign companies. Then the device of a filing fee is widely used by New Brunswick and Manitoba.

#### Income Taxes

Income taxes may be levied on gross income, net income or merely on revenue obtained. Saskatchewan, Prince Edward Island, Ontario and Quebec impose a flat 5% tax on net income for practically all types of companies. But corporation income taxes on a sliding scale are imposed by Alberta, British Columbia, Manitoba and Prince Edward Island. Alberta's regular corporation income tax is 3% on the first $2,000, increasing 1% per $1,000 to $10,000, after which it is a flat 7%, less the tax on capital. British Columbia imposes 1% on the first $1,000, increasing 1% for each $1,000 to $19,000, after which the rate is a flat 10%. This province also has a surtax on income over $5,000 ranging from 1% to 18%.

Manitoba has a simpler system whereby taxable income has to pay 1% for the first $1,000, increasing 1% for each $1,000 to $19,000 and then a flat 10%. This province also uses the filing fee ranging from $2 to $100.

#### A Few Exceptions

Strange as it may seem, there are a few classifications of companies which are not taxed in certain provinces. For example, opposite telephone companies under the heading Saskatchewan, the Ontario-prepared tabulation shows "nil." Saskatchewan does not tax telephone companies. But telephone companies in Saskatchewan are owned by the province or the municipalities. Navigation companies operating hotels are taxed in most provinces with the exception of Saskatchewan, probably because Saskatchewan provides practically no opportunities for navigation. Consequently there may be no hotels operated by navigation companies in the province.

Prince Edward Island rather fancies an indefinite taxing arrangement which the compilation labels, "Special Arrangement." In the Island province this kind of tax schedule applies to car companies, railways and railway-operated hotels.

A complete picture of this fantastic jumble of different taxes will be presented in tabular form in forthcoming issue of The Financial Post Business Year Book.

# Nylon Plant Plans Are Under Way

### C.I.L. Will Spend $1.5 Million — Ready Next Fall—Site to be Selected

From Our Own Correspondent

MONTREAL.—Contrary to previous reports, a plant for the manufacture of Nylon will be built in Canada. Announcement to this effect is made by Canadian Industries Ltd. which states that approximately $1.5 million will be spent on the new plant.

Preliminary survey work has already been undertaken on various sites but no decision has been yet made as to location. Actual construction is not likely to commence until the spring, with production anticipated for some time next fall.

#### Use For Hosiery

Apart from war uses, the output of the new plant will be used to supply the textile and kindred industries with yarn and raw materials for conversion into finished goods. The chief peacetime output for Nylon yarn is for the manufacture of hosiery.

Canadian Industries Ltd. will undertake also the manufacture of Nylon mono-filament for use as bristles in tooth brushes, hair brushes, and industrial brushes, as well as for fishing lines and leaders.

## Loew's London Theatres Pays Lower Dividend

Loew's London Theatres Ltd., has declared a dividend of 25 cents per share on its 7% preferred stock, payable Nov. 30, 1940, to shareholders of record Nov. 16. Last previous dividend was 35 cents a share paid Dec. 15, 1939.

After giving effect to the current payment, arrears as at Dec. 31, 1940, will be 36%, or $3.60 per share.

Safe Custody of Securities

LET the Crown Trust Company assist you in providing safe custody of your stocks and bonds, in collecting income and in making sound investments.

Our service and advice have proved very helpful to many people. Let us explain how this service would help you.

Enquiries Invited

Crown Trust Company

Executors :: Trustees :: Financial Agents

MONTREAL TORONTO

## Defence Industries Ltd. Places Plant Contract

From Our Own Correspondent

MONTREAL.— Defense Industries Ltd. has let a contract to the Fraser Brace Engineering Co. for construction of a new war chemical plant near Winnipeg. Joint announcement to this effect was recently made by the Hon. C. D. Howe, Minister of Munitions and Supply, and the Hon. J. S. McDiarmid, Minister of Mines, Natural Resources and Industry for the Manitoba Government. The plant is a duplication of the unit now being completed by Fraser Brace in Ontario.

Sensationally NEW!

Announcing the BIG 1941 FORD V·8

NEW Massive yet smoothly moulded, there's luxurious new beauty in the sweeping streamlines of the new Ford V-8. It *looks* like the big, roomy, luxury-eight it is!

BIG Inside is where size counts—and this big "eight" is really *roomy!* Seating width increased as much as *seven inches!* More leg room—head room—elbow room!

BIG This Ford's wheelbase is *two inches longer*—over-all length more than 194 inches! Spacious new bodies extend over narrowed running boards, for *greater inside width.*

NEW New gear ratios in both lower gears give even quicker get-away! Flash goes the green light—and you're *out in front* with this "eight"! And *V-8 economy* still stands out!

NEW A completely new comfort-ride! Longer spring-base! New slower-acting springs! Newly designed stabilizer! They all add up to a *smoother, gentler, level Ford ride!*

BIG In *value*, too, this '41 Ford is *tremendous!* Compare car-for-car, price-for-price, and see why this *bigger car* is a *better buy!* Remember that Ford prices *include* extra equipment!

NEW Big Bodies • NEW Massive Beauty • NEW Faster Acceleration • NEW Heavy Rigid Frame • NEW Interior Luxury • NEW Roominess • NEW Vision (glass area increased up to 33%) • NEW Longer Wheelbase and Springbase • NEW Wider Seats • NEW Stabilizer Ride Control • NEW Soft Slower-Action Springs.

HERE'S a six-letter description of the 1941 Ford: N-E-W, B-I-G!

NEW in massive, clean-flowing beauty of line—and the regal luxury of its interior appointments and upholstery! New in flashing acceleration to whisk you out of traffic jams! New in the deep-cushioned comfort of its smoother, sweeter ride!

BIG in outward dimensions (wheelbase two inches longer), and roominess inside (seating width increased as much as seven inches). Big in V-8 power and performance—with big economy! A bigger value than any Ford car in history!

For complete details of the big car news of 1941, see a Ford-Mercury dealer—soon! He'll be glad to let you drive this bigger car, this better buy!

CANADIAN CARS FOR CANADA

No cars sold in Canada utilize a higher percentage of Canadian material and labour than those manufactured by Ford Motor Company of Canada, Limited. An estimated 100,000 Canadians derive their livelihood, wholly or in part, from the Company's operations. Canadians who buy Canadian Ford products put their money to work at home.

A BIGGER CAR A BETTER BUY!

NOW ON DISPLAY AT THE FORD-MERCURY DEALERS

WHAT'S Your PROBLEM OF PLANT EXPANSION?

JOHNS-MANVILLE can help you solve it . . . Expert advice on planning . . . Speedy delivery on materials, from warehouses all across Canada.

JOHNS-MANVILLE BUILDING MATERIALS

JOHNS-MANVILLE JM PRODUCTS

• J-M BUILT-UP ROOFS • J-M CORRUGATED TRANSITE SIDING • J-M INDUSTRIAL FLOORING • J-M INSULATING BOARD PRODUCTS • J-M ASBESTOS WALLBOARDS • J-M ROCK WOOL INSULATION • J-M INDUSTRIAL INSULATIONS • J-M PACKINGS • J-M GASKETS • J-M REFRACTORIES

and many other essential materials for factory, shop, mill and office

CANADIAN JOHNS-MANVILLE CO. LIMITED TORONTO 6. ONT.

**Investment Trends**

# Stock Markets Stagnate At Previous Levels

### Possibility Recognized That Immediate Future May Continue Basis for Slow Markets But Earnings Background Good

It would be difficult to imagine a two-week period when industrial stocks generally have shown less movement. The limit of fluctuation in the averages in Canada has been around one point, not nearly enough to give any clues as to trends.

It might not be surprising to find this state of affairs continuing, even after the election in the United States is over. Election of Wendell Willkie could give New York stock markets a boost which would probably be reflected in Canada, but the longer term outlook is too uncertain for any rush of confidence on the part of investors. We cannot see far enough ahead as yet with regard to the war and its outcome to ignore the manifest dangers in the future.

But while the immediate outlook is doubtful stocks still appear reasonably priced in relation to the outlook for earnings and general business over the next year. The latest figures show The Financial Post business index over 147 and apparently continuing on its way toward still higher peaks. In spite of taxation and higher costs, it is inevitable that earnings available for shareholders will grow.

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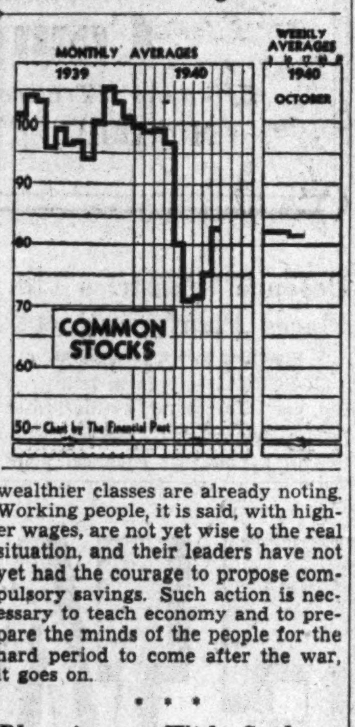

### *Food for the Investor*

There is no more essential industry than the preparation and distribution of food. In peace and war, people must eat. The main difference is that in wartime, rapidly growing average incomes mean that more people eat better in a country such as Canada where there is available almost limitless domestic food supplies.

The result is that food companies have a fine record of stable operations and dependable earnings. They are a typical consumer-type of security. One experienced investment consultant in Toronto has more than once told The Financial Post that he always tried to find stocks in consumer industries for women investors. He argued that a woman was far more satisfied if she held stock in a company where she had personal acquaintance with its product or services.

This week The Financial Post makes its fifteenth annual review of the position of the food industries in Canada. With few exceptions the story is one of growing volume of sales and earnings. It is true there are clouds on the horizon, chiefly resulting from the war. Restriction of exporting companies to only one main market in the United Kingdom is one. Another is possible interruption of imported supplies. Higher taxation and other expenses are, of course, felt by food companies as by any others but not in any greater proportion. There seems nothing in the immediate future to weaken the position of well-selected food stocks as investments.

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### *The Postwar World*

A recent Whaley-Eaton letter quotes from a circular issued by a London, England, investment firm. This circular deals particularly with financial planning after the war.

Further development along the line of public control and nationalization of many industries and services must be expected after the war, according to this letter. A number of the wartime industrial and financial controls will certainly remain. They forecast a lower standard of living generally for the British after the war, something which the wealthier classes are already noting. Working people, it is said, with higher wages, are not yet wise to the real situation, and their leaders have not yet had the courage to propose compulsory savings. Such action is necessary to teach economy and to prepare the minds of the people for the hard period to come after the war, it goes on.

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### *Planning on Wide Scale*

National planning will be an essential part of a postwar economy to control such items as foreign exchange, export credits and capital markets. National control, it is contended, may be extended to basic industries, such as banking, electricity, gas, railroads, coal, iron and steel, and heavy engineering.

This form of nationalization is unlikely to be as direct a system as adopted for the Post Office, for example. More likely is a plan of control by boards, such as already exist in Great Britain in the Central Electricity Board, the Metropolitan Water Board and others. Investors holding stocks in older companies would be compensated by issue of stock in the new board, or authority, of an equivalent value.

This picture of postwar England, while necessarily theoretical at present, brings out important points and indicates the direction which some important economic thinking is taking.

# Market Opinions

Lack of any decisive change in position of stocks is noted in comment again this week, although the cautious note dominates.

**Barron's N.Y. (The Trader)**—So long as the present tax structure remains, where the source of a dynamic buying movement may be found is difficult to answer. The ceiling placed by the excess profits tax upon the growth of corporate earning power is formidable in the extreme.

Business activity in all industries, from heavy goods to consumer lines, promises to be intense, and such a prospect should entail no serious liquidating movement in trade and finance for some time to come.

* * *

**Brookmire Counselor, N.Y.**—Stock prices continue to respond to the ebb and flow of international crises; but the inherent strength of the underlying economic situation at home is increasingly evident. Irregularity among individual groups and issues doubtless reflects efforts to weigh the impact of the added tax burdens. Irrespective of whether shocks from abroad may bring intervening reactions, clients are warranted in maintaining stock portfolios that are soundly based on recovery and defense prospects.

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**Barron's, N.Y. (The Dow Theorist)**—The secondary uptrend in the Dow-Jones industrial and railroad averages continues without new indication, under the Dow theory.

A rise by both averages through the recent highs would represent simply an extension of the secondary uptrend. The primary direction still continues to be downward under the Dow theory.

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**Investors' Chronicle, London (September 28)**—The close of the thirteenth month of the war finds markets in good fettle. If investment support is still monopolized by war loans and kindred securities it is all to the good, as although the industrial markets may suffer from a lack of public interest there is the knowledge that prices, owing to the strength of the gilt-edged market, are likely to be well sustained on yield considerations. Industrial dividend announcements have also given further cause for satisfaction and have strengthened confidence on the part of those largely interested in industrial equities.

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**The Annalist, N.Y.**—The investment outlook has improved to some extent during the past quarter but the financial markets still face very real dangers. Business and financial factors are still favorable, but the European situation, although less critical than it appeared 3 months ago, is still serious. The excess profits tax is a complicating factor and calls for a reappraisal of the investment value of many securities. In spite of the unusual strength of the economic factors the course of security prices over the next several quarters seems likely to depend to an important extent upon non-economic influences.

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**Magazine of Wall Street, N.Y.**—We do not expect recent highs in the averages to be significantly bettered over the near term; and we therefore adhere to a generally cautious policy, although a few "special situation" groups invite speculative consideration.

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**Financial World, N.Y.**—The principal factor deterring investors from taking greater advantage of the numerous statistical bargains that are available at prevailing price levels appears to be the fear that this country may shortly become actively involved in warfare. If that should occur, governmental restraints and controls of business (and markets) would be redoubled, to the further detriment of earnings and individual initiative.

All in all, the potentialities on both sides of the picture are such as to warrant maintenance of holdings of good grade stock, and to suggest caution in acquisition of any great amount of more speculative types of issues.

### CROWN CORK DIVIDEND

A dividend of 50 cents a share has been declared on the common stock of Crown Cork & Seal Co., payable Nov. 15, 1940, to shareholders of record Oct. 31. This will be the second payment at this rate and brings total 1940 dividends to $1.80 a share compared with $1.60 a share for 1939.

# United Steel Plans Near Completion

### Sales and Earnings Gain — Standard Steel Calls Pref., Pays on Common

Substantial improvement in sales volume of United Steel Corp. has been experienced since the beginning of 1940, The Financial Post is informed. Uncertainty as to such items as taxes, depreciation and other write-offs make any prediction as to profits at this stage hazardous although it is generally expected that last year's net of $5.04 a share on the class A preferred will be exceeded this year.

Improvement in business is said to be due both directly and indirectly to war activity. The company's plants are now operating on a 20-hour a day schedule.

At Welland, United Steel has about completed a large plant extension. This new plant is expected to be ready Nov. 1 to produce hydraulic forgings and munitions. This expansion was explained in the letter to shareholders calling the special meeting of last April.

**Standard Steel Gains**

Standard Steel Construction Co., subsidiary of United Steel, also reports that its plants are operating 20 to 22 hours daily and that sales have shown considerable increase. In this case the improvement is due only indirectly to the war. Standard Steel specializes in the fabrication of structural steel frames for factory buildings, bridges, or any other structure requiring a steel frame. The greatly increased industrial construction activity in Canada this year has thus meant an active year for Standard Steel Construction.

Standard Steel Construction Co. has called its entire outstanding issue of $3 cumulative preferred stock for redemption on Jan. 2, 1941, at $50 a share, plus accrued dividends to that date. This is in line with the plans approved by shareholders at the special meeting of last April.

Plans for financing this redemption, which would require $489,500 plus the amount necessary to pay accrued dividends, have apparently not been entirely worked out. It is said that at the rate earnings are developing probably only temporary accommodation may be necessary.

**To Issue Bonds**

United Steel Corp. plans to issue up to $900,000 of the first mortgage bonds authorized last April early in January next year. This is a part of the whole plan which involved the purchase of minority interests in Standard Steel and Farand & Delorme Ltd., a subsidiary of Standard Steel in Montreal. The remaining $149,000 of 6% first mortgage bonds of United Steel Corp. were also to be called.

An initial dividend of $4.50 a share was paid on the common stock of Standard Steel Construction Co. on Oct. 18, 1940, to shareholders of record Oct. 15. United Steel owns about 99% of the entire common issue but, as no dividends have previously been paid on this stock, has never received any revenue from this investment.

Payment of this dividend would require $542,362, adding a corresponding amount to United Steel's income for this year. Standard Steel reported an earned surplus of $439,739 at the end of 1939, and it is clear that 1940 operations have added at least $100,000 to surplus after paying the year's preferred dividends. As Standard Steel only had a balance of $60,000 last year after paying preferred dividends, it is probable that 1940 operations will be shown to have doubled.

# Steel Priority Schedule Guards War Output

**From Our Own Correspondent**

OTTAWA.—A tentative list of priorities for wartime use of steel in Canada has been drawn up by Steel Controller Hugh Scully, to ensure that available supplies are distributed according to greatest national service.

It is emphasized that the categories are tentative. Furthermore, all items in each class are to rank equally unless otherwise decided by the Steel Controller.

In cases of emergency, for war work of an exceptional and urgent nature, the Steel Controller may establish a category known as Class A which shall have precedence over all other classes until the emergency has passed.

The priority schedule is to work automatically. Upon receipt of orders the mill will immediately classify them and incorporate them into future rolling programmes accordingly. Any question arising about classification is to be referred to the Steel Controller.

Mills are not to roll all Class A orders in advance of Classes B, C and D, but are as far as possible to include some of each class in their rolling schedules. It is considered good practice for a mill whose rolling programme includes large quantities of Class A and B orders to roll additional tonnage for some items in the other classes where it can be done without impairing delivery of steel for war purposes.

Where it is apparent that all orders in any class cannot be filled within the required delivery dates, the mills are to ration the steel to all buyers on the basis of immediate needs.

The various categories follow:

### Class A

**Shells and shell parts.**
**Naval vessels and equipment.**
**Military vehicles of all kinds.**
**Aircraft and aircraft projects.**
**Munitions plants.**
**Guns and rifles.**

### Class B

**Equipment for military, naval, and aircraft establishments.**

**Maintenance and repair of railroads, transportation systems, and public utilities such as power plants, electrical plants, waterworks, etc.**

**Mining industry.**

**Tools, dies, and other articles ancillary to those items covered in Class A.**

**Building additions for increased munitions production.**

**Machinery, equipment, and apparatus essential to production in Class A and Class B categories.**

### Class C

**New construction of railroads, transportation systems, and public utilities.**

**Petroleum industry.**

**Agricultural machinery and equipment.**

### Class D

**Essential municipal projects.**

**Current and normal industrial business.**

**Warehouse stocks.**

## *Ord Attached To Air Mission*

**From Our Own Correspondent**

MONTREAL.—Lewis C. Ord, who was secured from the British Air Ministry to become general manager of the Canadian Associated Aircraft Ltd., is now attached to the British Air Mission in New York. This confirms reports prevalent early last July but lacking official confirmation.

Mr. Ord was loaned by Canadian Associated Aircraft to the British Air Mission. It is understood that he is now to be permanently associated with the Commission as consultant on production and planning in the aircraft section of the work.

No announcement has been made as to who is to be appointed to the vacant position of general manager in the Canadian organization.

# Quebec Power Income Higher

### Consolidated Returns Higher After Provision For Income Taxes

**From Our Own Correspondent**

MONTREAL. — Consolidated revenues of Quebec Power Co. and its subsidiary, Quebec Railway Light and Power Co., for the third quarter and for the year to date, show an increase over the like periods of last year, while the net income also is on a higher basis.

Consolidated gross revenue for the three months ended September 30 amounted to $1,274,619 and the surplus after fixed charges, depreciation and income taxes, $218,295. This compares with the corresponding figures of $1,159,622 and $206,900 for the like period of 1939.

The net showing for the past quarter would have been considerably better had it not been for a substantial increase in income taxes.

**Carry Forward Gain**

Cumulative returns show a gross revenue to the end of last month totalling $3,586,234, an increase of around $266,000. A large proportion of this gain was absorbed in increased income tax provision, but the surplus, after senior charges, at $544,246 compares with $523,773 a year ago.

Comparative figures for the third quarter and the nine months ended Sept. 30 follow:

**Revenue and Expense Statement**

| Three Months Ended Sept. 30 | 1940<br>$ | 1939<br>$ |
|---|---|---|
| Gross revenue | 1,274,619 | 1,159,622 |
| Less: Gen. expenses | 748,009 | 694,217 |
| Fixed charges | 125,476 | 126,745 |
| Depreciation | 80,848 | 82 776 |
| Income tax | 101,991 | 48,984 |
| Surplus | 218,295 | 206,900 |
| **Nine Months Ended Sept. 30** | **1940<br>$** | **1939<br>$** |
| Gross revenue | 3,586,234 | 3,322,759 |
| Less: Gen. Expenses | 2,145,167 | 2,052,120 |
| Fixed charges | 376,609 | 380,235 |
| Depreciation | 238,484 | 239,908 |
| Income tax | 281,728 | 126 723 |
| Surplus | 544,246 | 523,773 |

## Southland Paper Mills Extending Plant

**From Our Own Correspondent**

MONTREAL. — Southland Paper Mills Inc., manufacturers of newsprint at Lufkin, Texas, has awarded contract for an addition to the mill which consists of several one- and multi-story units for greatly increased capacity.

# Research Corp. Suits Progress

### Litigation With Patent Club and Pure Oil Settled — American Locomotive Case On

Developments in the litigation carried on for several years past are reviewed by Lt.-Col. T. W. MacDowell, president, in the report for 1939 of Chemical Research Corp. In Dec., 1939, certain portions of this litigation were adjusted with Pure Oil Co. and members of the Patent Club. By this settlement, Chemical Research and Gyro Process received $508,000 in cash while Pure Oil and the Patent Club members released claims of $108,000 asserted against Chemical Research and Gyro. The 30% of Gyro Process stock held by Pure Oil was also released to Chemical Research.

In return Chemical and its subsidiary released Pure Oil Co. and Patent Club members from any claims against them and assigned to Pure Oil the balance of royalty due from Atlas Pipeline Corp. which had gone into receivership and later into bankruptcy. These royalty claims aggregated $208,000.

All contractual relationships between Gyro Process and the Patent Club were cancelled and new contracts with the Patent Club, now known as Gasoline Products Co., arranged on what are said to be more favorable terms for Gyro. Under the terms of the settlement, with Pure Oil, Gyro Process owns the right to use, with the Gyro Process, polymerization.

**American Locomotive Case**

Out of the money received in this settlement, Gyro Process paid its debt of $131,479 to Wolvering Producing and Refining Co., as well as costs of the court case.

There still remains to be settled, either by litigation or negotiation, the contractual obligations between Chemical Research and Gyro Process on the one hand and American Locomotive Co. and Carbide & Carbon Chemicals Corp. on the other. After attempts at negotiation during the early months of 1940 proved ineffective, one suit has been instituted by Gyro Process against Carbide & Carbon Chemicals and one against American Locomotive. Chemical Research has instituted a suit against American Locomotive.

The president states his belief that these suits will completely clear the business and financial check of the company and return to it the 10% of the stock of Gyro Process held by American Locomotive. This would make Chemical Research sole owner of Gyro Process and terminate the voting trust agreement of 1932 whereby Gyro stock is subject to voting powers of three trustees.

## U. S. Paper Mills Record Slow-down in Operations

**From Our Own Correspondent**

MONTREAL.—Rate of production in the U. S. paper industry, excluding paperboard, according to the American Paper and Pulp Association index of paper mill activity, was 80% for the week ended Oct. 12, as against a revised figure of 88.1% for the week ended Oct. 5 and 96.9% for the week ended Oct. 14, 1939.

# *Canadian Pacific Net in 1940 Placed at Nearly $1 a Share*

**From Our Own Correspondent**

MONTREAL. — Canadian Pacific Railway's net profit for 1940 is estimated at about double last year's reported net, according to a statement released by Sir Edward Beatty, chairman and president. This estimate is based on rail traffic revenues to date and prospects of a betterment in other income.

Indications are that the company may show as much as a dollar a share on the common stock. This would indicate 1940 net profit of approximately $19 millions, as against a return in 1939 of $9,782,148 which was equivalent to 32 cents a share on the common after allowing for full dividends on the preferred stock.

**Factors Offsetting Grain**

Results to date, said Sir Edward, have not deviated appreciably from its forecast last June. The grain movement has been disappointing, as was anticipated and was likely to remain so until major decisions had been taken by the governments concerned with regard to orderly marketing conditions as well as storage problems.

Shipments of lumber and other natural products were continuing at a substantially higher rate than a year ago, and until the peak of Canada's war effort is reached, movement in the chief classifications might be expected to be maintained and even increased. The trend in general merchandise and miscellaneous freights was also definitely pointing upward.

Sir Edward stated that he expected to see gross rail receipts, which in recent weeks have been running below the like period of 1939, reverse the trend in the near future, as new industries came into production.

## Earnings Jump 60% For Mexican Light

Net earnings of almost $1.2 million for the Mexican Light & Power Co. for the eight months ended Aug. 31 is up 60% from the figure of $742,831 for the same period of 1939. Expenses are up slightly, but not in the same proportion as gross earnings.

Net earnings of $158,213 for August are up 65% from the same month of last year. Expenses showed a substantial climb, but the step-up in gross earnings was even more substantial.

Figures follow:

**Earnings Statement**

| August | 1940<br>$ | 1939<br>$ | Incr.<br>% |
|---|---|---|---|
| Gross earn. | 741,667 | 550,109 | 34.82 |
| Oper. exps. | 583,454 | 454,073 | 28.49 |
| Net earn. | 158,213 | 96,036 | 64.74 |
| Eight Months Ended Aug. 31: | | | |
| Gross earn. | 5,231,411 | 4,710,204 | 11.07 |
| Oper. exps. | 4,045,526 | 3,967,373 | 1.97 |
| Net earn. | 1,185,885 | 742,831 | 59.64 |

## Canadian Locomotive Setting Up New Unit

**From Our Own Correspondent**

MONTREAL.—Canadian Locomotive Co., of Kingston, is erecting three buildings to provide approximately 54,000 sq. ft. of floor space for manufacture of munitions. The company's present number of employees will be doubled when this work is completed some time in February.

## Significant Investors' Index Numbers

1926 = 100

| No. of Securities | Mach. and equip. 8 | Pulp and paper 7 | Milling 3 | Oils 4 | Textiles and clothing 10 | Food and allied prod. 12 | Beverages 7 | Bldg. mater. 15 | Power and traction 15 | Banks 8 | Total utilities 19 | Total co's. 95 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1929-39:* | | | | | | | | | | | | |
| High | 432.5 | 113.4 | 273.4 | 423.5 | 113.5 | 197.8 | 204.6 | 281.1 | 197.6 | 131.7 | 166.0 | 198.3 |
| Low | 39.2 | 3.0 | 37.7 | 87.7 | 30.8 | 78.8 | 33.8 | 44.3 | 47.1 | 63.1 | 36.9 | 43.3 |
| 1940: | | | | | | | | | | | | |
| Monthly Figures: | | | | | | | | | | | | |
| Jan. | 134.3 | 24.5 | 98.8 | 155.8 | 86.4 | 183.0 | 135.4 | 150.7 | 61.3 | 84.5 | 45.7 | 99.7 |
| Feb. | 129.3 | 23.4 | 98.4 | 158.2 | 90.7 | 184.3 | 134.0 | 146.8 | 60.3 | 84.3 | 45.3 | 99.0 |
| Mar. | 134.1 | 22.9 | 96.5 | 155.4 | 91.4 | 185.7 | 135.4 | 146.5 | 61.1 | 85.1 | 47.1 | 98.1 |
| Apr. | 132.5 | 24.6 | 95.9 | 147.6 | 91.6 | 184.7 | 137.9 | 146.4 | 61.9 | 83.8 | 47.1 | 97.0 |
| May | 102.6 | 16.3 | 77.6 | 124.7 | 80.5 | 165.0 | 117.9 | 115.8 | 52.0 | 79.7 | 39.4 | 80.4 |
| June | 93.2 | 13.1 | 62.9 | 100.2 | 70.3 | 144.1 | 106.9 | 103.3 | 47.0 | 74.7 | 35.8 | 71.9 |
| July | 92.0 | 13.9 | 67.1 | 101.3 | 74.5 | 145.8 | 114.2 | 102.3 | 47.1 | 70.0 | 35.5 | 72.5 |
| Aug. | 98.5 | 15.3 | 68.4 | 104.4 | 76.9 | 150.1 | 120.3 | 107.8 | 46.6 | 72.1 | 37.1 | 76.0 |
| Sept. | 107.0 | 16.5 | 81.0 | 120.9 | 81.9 | 163.1 | 124.9 | 121.0 | 51.3 | 76.0 | 39.3 | 83.2 |
| Weekly Figures: | | | | | | | | | | | | |
| Oct. 3 | 104.4 | 16.4 | 80.9 | 117.8 | 81.5 | 164.3 | 125.4 | 124.5 | 51.7 | 75.6 | 39.1 | 82.8 |
| Oct. 10 | 105.7 | 16.5 | 81.8 | 117.5 | 81.4 | 163.3 | 124.5 | 124.7 | 51.3 | 75.0 | 39.1 | 82.7 |
| Oct. 17 | 104.3 | 15.8 | 79.0 | 111.2 | 81.6 | 162.3 | 122.9 | 122.4 | 50.7 | 75.0 | 38.6 | 80.7 |

*High and low for year from 1929 to 1939 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

**Toronto Stock Exchange Index**

| | 20 Indus. | 20 Golds | 10 B.M. | 15 W.O. |
|---|---|---|---|---|
| Oct. 22 | 102.80 | 103.51 | 68.80 | 22.01 |
| Oct. 21 | 102.74 | 103.54 | 68.35 | 22.20 |
| Oct. 19 | 102.83 | 103.01 | 68.48 | 22.07 |
| Oct. 18 | 102.89 | 102.77 | 68.23 | 22.00 |
| Oct. 17 | 102.51 | 102.22 | 68.46 | 22.17 |
| Oct. 16 | 102.61 | 100.65 | 68.19 | 22.05 |
| Month ago | 103.41 | 99.15 | 68.87 | 23.78 |
| Year ago | 128.73 | 113.82 | 90.80 | 34.55 |
| High 1940 | 128.84 | 123.80 | 88.97 | 33.31 |
| Low 1940 | 86.00 | 77.34 | 54.61 | 18.44 |

**Montreal Stock Exchange Average**

| | 10 Util. | 20 Ind. | 30 Cbd. | 10 Pprs. | 15 Golds |
|---|---|---|---|---|---|
| Oct. 22 | 56.0 | 68.9 | 64.5 | 85.68 | 76.00 |
| Oct. 21 | 55.9 | 68.3 | 64.1 | 86.78 | 76.17 |
| Oct. 19 | 56.0 | 68.4 | 64.3 | 87.56 | 75.58 |
| Oct. 18 | 56.0 | 68.4 | 64.3 | 88.94 | 75.20 |
| Oct. 17 | 55.3 | 68.8 | 64.3 | 88.86 | 74.56 |
| Oct. 16 | 55.3 | 68.5 | 64.1 | 88.37 | 74.61 |
| Month ago | 57.2 | 69.8 | 65.6 | 91.10 | 74.47 |
| Year ago | 65.4 | 91.9 | 83.1 | 150.71 | 100.77 |
| High 1940 | 69.2 | 92.2 | 84.4 | 152.63 | 100.81 |
| Low 1940 | 50.7 | 56.0 | 54.7 | 66.44 | 55.16 |

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# *Move at Last Minute Shelves Labor Crisis*

**From Our Own Correspondent**

OTTAWA.—Having intervened at the last moment to prevent essential workers in war industry from being called for training under the national training policy, the cabinet sub-committee on labor has taken action to meet the immediate requirements and to assure co-operation to industry in the future.

The immediate problem was solved by issuing "postponements" in wholesale fashion in the few days preceding the calling of the draft. It is true that the government chose to give "postponements" rather than "exemptions" but this is now regarded here as a distinction without a difference.

In effect, industry has been given the right of way on essential manpower and the needs of industry in the future will be safeguarded in every possible way. In due course, the whole machinery for calling men for training and for enlisting men in the fighting services will be overhauled. Meantime, "postponements" have been used to meet industries' immediate needs.

**Hundreds of "Postponements"**

The number of "postponements" granted in these few days prior to Oct. 9 has not been announced. It is announced, however, that 1,941 of those called were not required to report. The official explanation is that these men are exempted from immediate training for several reasons—among them the reason that their services in industry were essential. Actually, it is learned that many hundreds of "postponements" were granted for this reason.

The cabinet sub-committee has placed the labor problem in the hands of a group for investigation and report. Out of the recommendations of this body will come the final policy.

Those in close touch, however, believe that the tendency will be to follow Britain's lead and proclaim a list of essential industries and essential occupations. People whose work qualifies under these lists will be exempt from military service of every kind. Later on it may become necessary to transfer workers from non-essential to essential industries, but, in Ottawa's view, this move is some distance ahead. The question of training people for war work will also be investigated with a view to launching technical schools in various parts of the country. In this policy, the co-operation of industry will probably be sought.

HAYES STEEL PRODUCTS LTD.
For seven months ended July 31st, showed earnings of $1.04 per share after all charges and provision for Excess Profits Taxes.
Armament and domestic requirements have greatly increased the demand for this company's products, and we anticipate earnings for the full year of 1940 in excess of $2.00 per share.
Current market 9⅞ to 10½. Analysis forwarded on request.
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MARKETS FOR CANADIAN PRODUCTS
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In spite of shipping, marketing and exchange problems arising from war conditions, Canada's export trade is increasing. The West Indies, Mexico, Central America and certain of the countries of South America are contributing to the added demand for Canadian products. These markets are unable to import goods from many of their former European sources.
The Department of Trade and Commerce offers practical assistance to Canadian business men seeking to expand export trade where opportunities exist. Up-to-date information on countries to the South, from the United States to Chile, is available to all parties interested. This information covers such points as:
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Traders and manufacturers are cordially invited to write either to the Department at Ottawa or direct to the Trade Commissioners abroad. Careful attention will be given to all enquiries.
17P
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HON. JAMES A. MacKINNON, M.P., Minister
L. D. WILGRESS, Deputy Minister

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## Investment Notes

**Securities Holding**—This investment trust reports net assets equivalent to par of $25 a share on its preferred as at June 30, 1940, and 24 cents a share for the common. This compares with par for the preferred and 76 cents a share on the common a year earlier. Changes made in portfolio of securities held during the year were as follows:

| | Additions Shares |
|---|---|
| Allis-Chalmers | 250 |
| Celanese Corp. of America | 300 |
| Chrysler Corp. | 100 |
| Consolidated Paper Corp. | 375 |
| Dominion Foundries & Steel | 400 |
| Dominion Steel & Coal, B | 400 |
| Preston East Dome Mines | 4,000 |
| | **Deletions Shares** |
| Consolidated Mining & Smelting | 1,000 |
| Robert Gair Co., pref. | 700 |
| Inland Steel Co. | 100 |
| Inter. Metal Industries, 6% pref. | 200 |
| Little Long Lac Gold Mines | 2,000 |
| Loew's Inc. | 300 |
| Paymaster Consolidated Mines | 2,000 |
| Sears Roebuck & Co. | 100 |
| Sterling Products Inc. | 100 |

## Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad 12 words. Add six words when box number is required. When replies are/to be mailed to advertiser, add 10c. Classified ads. payable in advance. Contract rates on application.

### Treasurer & Controller Available

EXPERIENCED Accountancy, Financial Statements, Costing, Company Reorganization, Systematising, Budget Control, Office Management, etc. Age 43 years, active and used to resonsibility. Write Box 89, The Financial Post, Dominion Square Building, Montreal.

### INDUSTRIAL BUILDING

FOR small industry, ample grounds, single storey, no posts, glass both sides. Address owner-tenant — Wm. M. Gray, 277 William St. S., Chatham, Ont.

### Position Wanted

PURCHASING AGENT — twenty years experience with large industrial plant Eastern Canada desires change. Thoroughly experienced in all phases of Purchasing and Stores Administration. Best references. Write Box 91, The Financial Post, Toronto, Ont.

### For Sale

NEW, Modern Building Leased to one of the Largest Corporations in Canada for 20 years at a fixed rental of $204.00 monthly net to owner. Price $36,073.00 cash yielding 7% with every possibility of enhanced capital values. Box 87, The Financial Post, Toronto.

### Property For Sale or Exchange

HANDSOME family house in very desirable section of Westmount, Montreal, P.Q., is offered for sale or exchange for a house or other property in Toronto.

Desirable neighbourhood, semi-detached, solid brick construction with stone basement and steel supports, twelve rooms, double garage.

Basement — Large playroom, hardwood floor, fireplace, with four large windows all above ground level. Laundry and enclosed furnace room, automatic oil burner.

Ground Floor — Oak-panelled entrance hall and fireplace, large living-room with fireplace, library with fireplace and built-in book shelves. Dining-room with French doors opening onto a gallery. Pantry with backstairs to first floor. Kitchen with enamel equipment and ample cupboard space.

First Floor Up — Large front bedroom with private bathroom. Four other bedrooms and bathroom. Sitting-room with fireplace and with gallery overlooking the St. Lawrence River in the distance.

Second Floor Up—Bedroom and bathroom and finished storeroom.

Hardwood floors throughout ground and first floors and altogether comfortable family house. Box 93, The Financial Post, Toronto, Ont.

**Bond Markets**

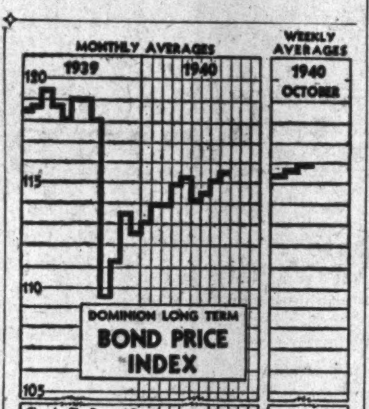
# Strong Forces Operating Against Interest Rise

### Ordinary Interplay of Commodity Prices and Interest Rates Offset in Canada by Organization of Economy for War – Toronto Issue Sells Fast.

Bond investors are speculating on the possibility of substantial increases in commodity prices and advances in interest rates. So far, the commodity price index is up only about 14% or 15% from pre-war levels. If the advance becomes sharper bonds may tend to lose some popularity.

It appears, however, that this line of thinking is more prevalent in the United States than in Canada. We have gone far further toward organizing our whole economy to assure that not only will interest rates on government obligations be maintained but that living costs will be held as near current levels as possible.

Some investors are looking for select municipal bonds—those likely to receive the most pronounced benefits from the increased tempo of the nation's industrial activity. Certain Nova Scotia, Quebec and Ontario issues are those looked upon with the most favor. A factor in this connection is the sharp drop in relief costs for such municipalities. On the other hand, there is the cloud that the Dominion might cut off all relief assistance next year and leave it entirely to provincial and local governments.



The fast increasing tempo of the industrial life of the country also turns favor of investors toward utility issues. These have featured the still dull bond market during the past week, and fractional to one-point gains were chalked up. Speculative pulp and paper issues also got another boost.

High-grade government issues remain strong, with little activity. Fairly good demand has developed for Ontario bonds, but offerings are scarce. A large City of Toronto issue of $5.7 millions was snapped up quickly, but the $1.6 million Nova Scotia public offering was slower.

• • •

### *Credit Beyond Doubt*

Canada's credit, like its patriotism and war enthusiasm, is beyond doubt. That is the view of an internationally known economist — Dr. Melchior Palyi, who in recent years has been lecturing at midwestern U.S. universities and serving as consultant to financial institutions.

His study of the Dominion's status concludes that it "is in a liquid condition, without inflationary symptoms . . . Bond prices even tend slowly to rise."

Dr. Palyi suggests the Government will have to provide a better price on future war loans. He analyzed the public response to the second loan, and concludes: "A net yield of 3.28% on long-term government bonds was not sufficient to attract the investors' money."

• • •

### *Around the Corner*

United States loans for belligerents are just around the corner — probably only a few months away— according to the American publication, Business Week. It describes President Roosevelt's non-committal attitude on financial aid to Britain as "discreet silence until the ice is well cracked."

The paper is very confident about the repeal of the Johnson Act, which forbids loans to belligerents. To quote: "It's a foregone conclusion that the Johnson Act . . . will be shoved overboard, so far as England is concerned, if England is still buying war supplies at the turn of the year."

And here's where Canada comes in: "It's probable that Canada, now paying cash on the barrel-head under the Neutrality Act, may be cut-in first—if this subterfuge seems easier as a first swallow."

• • •

### *Bond Index*

The D.B.S. index of long-term Dominion of Canada bonds at 116 for the week ended Oct. 17 was up 0.2 points from the previous week.

DOMINION OF CANADA
Long-term Bond Index

| | Latest week Oct. 11-17 | Preceding week Oct. 4-10 | Weekly average year ago |
|---|---|---|---|
| Price | 116.0 | 115.8 | 111.6 |
| Yield | 70.9 | 71.1 | 76.2 |

# N. S. Arranges Refinancing

Maturity of $3 millions of Nova Scotia bonds, due Nov. 15, will be met by financing arranged this week. The province has sold privately $1.5 million of 3% debentures dated Nov. 15, maturing in 1944, and a syndicate of investment houses is making a public offering of $1.6 million of 3½% debentures dated Nov. 1, maturing May 1, 1950.

The public offering is being made at 97 and accrued interest to yield 3.875%. Terms of the issue provide for a sinking fund of 1% per annum. Principal and interest is payable in Canadian funds only, and the debentures are offered in denominations of $1,000 only. Dealers report the public response has been satisfactory and no difficulty is anticipated in concluding the sale in quick order.

**Balanced Budget Seen**

Hon. A. S. MacMillan, Provincial Treasurer, reports the accrued receipts and expenditures for the first nine months of the fiscal year ending Nov. 30 are within estimated figures. He is optimistic that a balanced budget will be shown, rather than an estimated deficit of $194,000. A deficit of $193,791 was reported in the year ended Nov. 30, 1939.

Last previous financing done by Nova Scotia was a $3.3 millions refunding issue of 3½% debentures offered publicly in May. This was an 11-year issue, sold at 98.21 and accrued interest to yield 3.7%.

**Next Year Easier**

Next year will be a comparatively easy refunding year for the province. Only maturities are a $1.5 million issue falling due Aug. 16 and $558,000 maturing Nov. 15. Prospects are excellent that Nova Scotia's financial position will benefit from the high level of industrial and defense activity in the province. The new public offering is being made by a syndicate which includes:

Wood, Gundy & Co.
A. E. Ames & Co.
Dominion Securities Corp.
McLeod, Young, Weir & Co.
Bell, Gouinlock & Co.
Mills, Spence & Co.
Royal Securities Corp.
McTaggart, Hannaford, Birks & Gordon.
Harrison & Co.
Mead & Co.
Eastern Securities Co.
J. F. Brennan & Co.
T. M. Bell & Co.

# Toronto Issue Sells Fast

### $5.7 Millions Debentures Go in Less Than 24 Hours

Less than 24 hours was required to sell a $5.7 millions city of Toronto installment debenture issue offered by a syndicate headed by Wood, Gundy & Co. Included also in the syndicate were A. E. Ames & Co., the Royal Bank of Canada and the Dominion Bank. The issue was purchased at 100.41 at an average cost to the city of 3.23%.

The debentures are dated Nov. 1, and carry coupons ranging from 2% maturing in 1941-42 to 3½% maturing 1941-70. The issue is divided as follows:

| Amount $ | Int. Rate % | Maturity |
|---|---|---|
| 869,000 | 2 | 1941-43 |
| 1,104,000 | 2¼ | 1941-44 |
| 1,854,000 | 3¼ | 1941-60 |
| 1,890,000 | 3½ | 1941-70 |

Interest and principal is payable in Toronto only. Major portion of proceeds is for unemployment relief and waterworks.

Last public financing done by Toronto was $2.8 millions of 2-3% serial installment debentures dated Dec. 1, 1938, sold at an average cost of 2.36%.

List of tenders for the 1940 issue follows:

| | |
|---|---|
| Wood, Gundy & Co.<br>A. E. Ames & Co.<br>Royal Bank<br>Dominion Bank | 100.41 |
| Dominion Securities Corp.<br>Imperial Bank<br>Royal Securities | 100.267 |
| Harris, Ramsay & Co.<br>Burns Bros. & Denton | 99.811 |
| Bank of Nova Scotia<br>Bank of Toronto<br>R. A. Daly & Co.<br>Dyment & Co.<br>Matthews & Co.<br>Flemming & Co.<br>Midland Securities<br>J. L. Graham & Co.<br>Cochran, Murray & Co. | 98.813 |
| Bank of Montreal<br>McLeod, Young, Weir & Co.<br>Mills, Spence & Co.<br>McTaggart, Hannaford, Birks & Gordon<br>Burgess & Co. | 98.765 |

# Toronto Area Relief Down

### 60% Drop in Sept. — 30% Decline in Nine Months

A 60% drop in relief costs is reported for 10 municipalities in the Toronto metropolitan area in September, compared with same month of last year, it is reported by Ontario's Welfare Minister, Hon. Eric Cross. Expenditures for the nine months ending Sept. 30 are off over 30% from the 1939 period.

September showed the biggest drop of any month in the year, comparing with a decline of 51% in August—previous best month—and 20% for February, which showed the least improvement of any month.

Toronto Township heads the list with a drop of 55% in costs for the nine months; New Toronto is next, with a cut of about 52%; while Toronto City is last, with a reduction of only 28%.

Number of persons receiving relief is down substantially. Biggest drop was in September, when 33,449 were on relief—down 59% from the same month of last year. Table of the nine months figures follows:

No. Persons on Relief, Toronto Area
Nine Months Ended Sept. 30

| | 1940 | 1939 | Dec. % |
|---|---|---|---|
| January | 84,591 | 109,139 | 22.2 |
| February | 86,113 | 112,214 | 23.3 |
| March | 85,102 | 112,374 | 24.3 |
| April | 81,889 | 108,593 | 24.6 |
| May | 72,427 | 100,821 | 28.2 |
| June | 60,778 | 90,542 | 32.9 |
| July | 51,664 | 87,034 | 40.6 |
| August | 42,397 | 84,519 | 49.8 |
| September | 33,449 | 81,785 | 59.0 |

### Foreign Exchange

During the week Oct. 15 to Oct. 21 there was no change in the quotation to the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Oct. 21

| | | | |
|---|---|---|---|
| Australia | 3.58 | N. Zealand | 3.61 |
| India | .3369 | S. Africa | 4.47 |
| Japan | .2605 | Hong Kong | .2569 |

### Bond Tenders

5 p.m., Nov. 4, Sch. Mun. of Grand'Mère, P.Q.—$23,000, 4%, dated Sept. 1, 1940, maturing serially 1 to 10 years.

# Offers to Buy Can. Machinery

### Pitfield Offers $90 for Preferred and $5 a Share For Common

An offer to purchase 7% non-cumulative preferred shares of Canada Machinery Corp., as well as common, has been made by W. C. Pitfield & Co., Montreal, to J. G. Gibson, K.C., Toronto, who represents a group holding about two thirds of the preferred and common shares. The Pitfield group is willing to pay $90 a share for the preferred and $5 a share for the common. The offer is good for all or any part of the stock, provided it is not less than 66 2/3% of the preferred and 65% of the common.

R. O. McCulloch, president, states that the group receiving the offer, of which he is one, has accepted and has deposited with the Chartered Trust & Executor Co., Toronto, more than 66 2/3% of both common and preferred.

Mr. McCulloch states in a letter to Canada Machinery shareholders that his group has provided that similar offer be made to all shareholders who can accept the Pitfield offer by depositing their shares with the Chartered Trust & Executor Co., Toronto, by noon of Oct. 31, 1940.

**Payment Nov. 15**

Payment is to be made for deposited shares by Nov. 15, 1940. The $3.50 a share preferred dividend paid Oct. 21 will not be interfered with in any way but will go to shareholders owning the stock on that date.

Canada Machinery Corp. makes wood and iron working machinery at Galt, Ont. Recently the company has been very busy providing machine tools for companies making war materials, as well as for general industrial needs.

Its earnings have been irregular. Net profits have been reported for each of the past five years, but the figure shown for the year ended Jan. 31, 1940, of $62,334 was the first substantial figure since 1930. Outstanding balance of a 6% first mortgage bond issue was paid off Aug. 1 this year. There are 6,025, $100 par value, shares of 7% non-cumulative preferred outstanding as well as 9,600 common shares of $10 par value. The October dividend was the first payment since 1921 on the preferred while no payments have been made on the common since 1920. Purchase of the entire outstanding capital at $90 for the preferred and $5 for the common would require $590,250.

**Leaside, Ont.**

J. L. Graham & Co. has purchased $41,815 of 3½% installment debentures of Leaside, Ont. Proceeds of the issue, which was sold privately, are to be used for local improvements.

For the First Time in an Automobile!

30 to 35 miles on a gallon of regular gas!

Savings up to $100 a year on overall costs!

A new kind of ride on special 4-wheel coil springs!

Room and luxury that suggest a $2000 car!

"Flying Scot" pickup— 15 to 50 MPH in 12 seconds, high gear!

A new kind of "unitized" body— safer, quieter!

NOW! NASH 4-DOOR SEDANS AS LOW AS $1162* Delivered at Toronto

*New 1941 prices begin in the low-price field—$1,162 for a big Ambassador "600" Business Coupe. All prices, delivered at Toronto, include standard equipment and tax. *Special Paint, White Side Wall Tires are optional, at slight extra cost.*

Deluxe Model Illustrated, $1372*

Go NASH AND SAVE MONEY EVERY MILE

*FLASH! NASH PRICES $70 TO $159 LOWER THAN LAST YEAR!*

SEE YOUR NEAREST NASH DEALER

# Mt. Royal Hotel Plan Approved

### Capital Reorganization Provides for Raising New Capital Funds

From Our Own Correspondent

MONTREAL. — Shareholders of the Mount Royal Hotel Co. have approved the plan of reorganization.

The scheme provides for replacement of the presently outstanding preferred stock, script and common stock certificates with new no par value common shares on the following basis: 1½ new common for each preferred share; ½ new common for each $100 par value of script and 1/20th new common share for each existing common share.

New money up to $250,000 will be provided through sale of 4% general mortgage convertible bonds and new common stocks to be sold in units, each comprising $10 principle amount of bonds and one common share at a price of $10 per unit. Preferred and common stockholders and script holders will have purchase rights. C. A. Ripley, vice-president, has underwritten the issue and is to receive shares as his remuneration.

**Issue New Bond**

General settlement with the Metropolitan Life Insurance Co. is reflected in connection with present indebtedness which will be discharged for $3,560,000 principal amount of first-mortgage bonds, carrying interest of 3% to Nov. 30, 1940, and 4% thereafter to maturity.

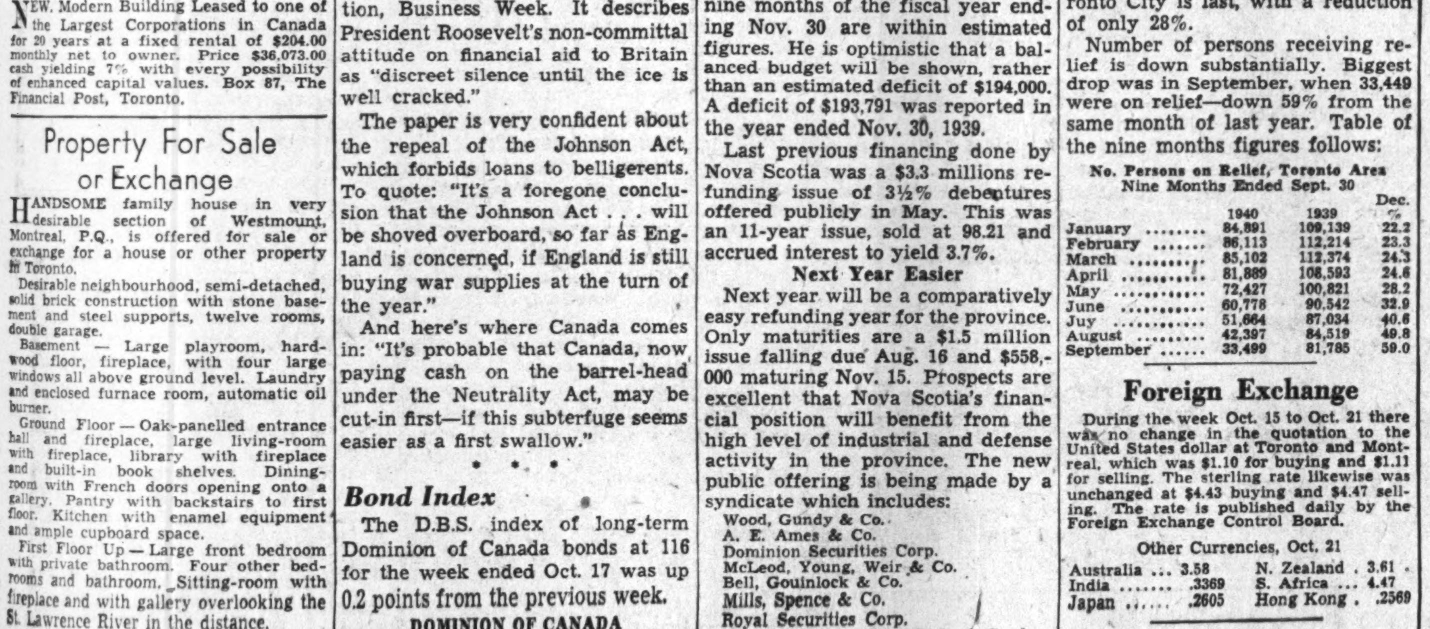
Stockholders also approved four by-laws necessary to implement the reorganization. The close of the fiscal year is changed from Nov. 30 to Dec. 31; appointment of executive committee confirmed; authorized share capital increased by creation of additional 72,614 common shares; an issuance of first mortgage and general mortgage bonds.

## Traders Finance Business Is Up

Improvement in business and earnings is reported by Traders Finance Corp. for the first nine months of 1940, compared with the same period of last year. Net profit of $400,054 in 1939 was slightly in advance of figures for the previous two years. The company is engaged in financing purchase of cars on the installment plan, dealing primarily with distributors for Ford of Canada.

Increase in taxes on motor cars, particularly of the higher-priced units, has not depressed the company's business. On the contrary, the company has been financing a larger proportion of lower-price cars, and this has more than offset any decline in financing of higher-price units.

The subsidiary, Canadian Insurance Shares Ltd., and in turn its subsidiaries—Toronto General Insurance Co. and Canadian General Insurance Co.—also show improvement in earnings.



Everybody's Working in Windsor!

All but the aged, the crippled — the unemployables!

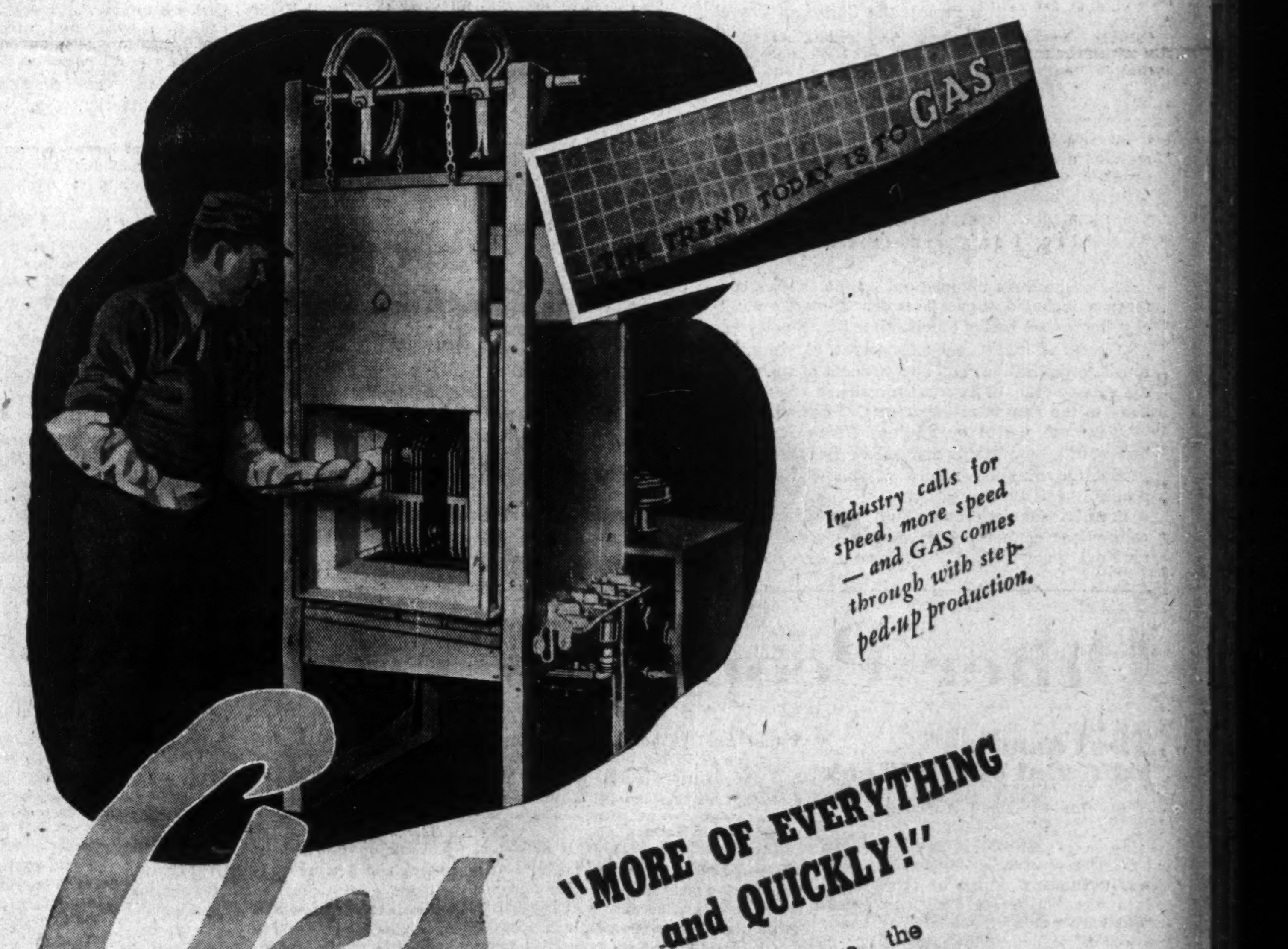
That's an enviable achievement for a City that had more than its share of troubles a few years ago.

And when Windsor is busy, its people are of generous spirit!

The Red Cross asked Windsor for $150,000 — and got $183,000! - - - Windsor, England, asked for help to buy a Hurricane fighter. Windsor, Ontario, has already raised $20,000, and will buy a fighter outright.

There is not a City in Canada whose people enjoy more the niceties of life—or who buy more freely when the pay checks come regularly.

The Windsor Daily Star
WINDSOR ONTARIO
Toronto Office: McKinnon Building — Waverley 9600


THE TREND TODAY IS TO GAS
Industry calls for speed, more speed — and GAS comes through with stepped-up production.
Gas

"MORE OF EVERYTHING and QUICKLY!"

"MORE OF EVERYTHING AND QUICKLY!" These were the now-famous words of Lord Lothian when asked what Britain needed for the war effort. Today, GAS is playing its part in Canada's answer to that stirring call for production.

Typical of the many ways in which GAS aids industries, large and small, is this illustration of a Canadian workman at a Canadian-made, gas-fired oven-furnace. In process of silver-soldering is a large electric switch for a munition plant. A heat of 1400 degrees is required and gas supplies that heat under complete automatic control.

Modern gas-fired equipment enhances speed of production. If you have a heat-treating problem in your plant, investigate what GAS can do for you. Your gas company will give you full information on gas for hardening, annealing, tempering, normalizing, forging or on any other process requiring heat.

INDUSTRIAL DIVISION
The CONSUMERS' GAS COMPANY 124 Richmond St. West, Toronto

# The Editorial Page . .

### Inspirational Leadership

Cabinet shifts at Ottawa since the outbreak of war have done little to improve the "inspirational" leadership so greatly needed for success in arms.

At present the most important bureaus connected with this part of the war programme are relegated to minor positions in three different government departments.

The Department of Public Information is attached to the six-ringed circus which Hon. James Gardiner is attempting to run as Minister of National War Services and Minister of Agriculture.

Our National Film Board and the Canadian Motion Picture Bureau are under the direction of the Department of Trade and Commerce.

The Canadian Broadcasting Corporation is still attached to the Hon. C. D. Howe, though what time he has to direct it after he has attended his dual responsibilities as policymaker and administrator in the Department of Munitions and Supply is something of a mystery.

Why not bring these three departments together under an eager, imaginative leader who would devote his whole time and energy to seeing that no stone was left unturned to inform and inspire Canadians about the war effort?

Such a department, if properly organized and staffed, would permit the weeding out of many publicity departments now attached to various departments. It would provide the Prime Minister—the one to whom the country must look for leadership—with an instrument capable of arousing and inspiring all Canadians.

The job of a leader is to lead. In wartime the leadership of inspiration is as much a weapon of victory as the making of guns and the training of troops.

This is a job that Prime Minister King has not yet done effectively.

The merging of these three bureaus under capable direction would provide a channel through which Mr. King could reach out and inspire the entire nation.

## Our Platform For Canada

1. *Strengthening cabinet leadership by drawing on Canada's best executive brainpower irrespective of political considerations.*
2. *An inner war cabinet, free for departmental duties, to plan the nation's war effort and to see that the plans are carried out.*
3. *Appointment of non-political industrial coordinator with complete authority to direct procurement of munitions and supply.*
4. *Pay-as-we-go policy, in so far as consistent with "total" war. Elimination of public and private waste.*
5. *A national programme for post-war employment and relief problems, along lines of Sirois report.*

*Winning the war has become the focal point for national and personal effort in Canada. This requires full mobilization of the nation's material and spiritual resources.*

*To the fullest degree this should be obtained by individual effort, freely made.*

*Strong national leadership will inspire service and sacrifice that will reduce the need for regimentation and compulsion.*

### Making the Most of Tourist Opportunities

Men who direct one of Canada's most important industries met together in national conference at Ottawa last week. The meeting was an official effort to integrate the work of varied and diverse bodies throughout Canada now professionally interested in the tourist trade. It was held under the auspices of Ottawa's newly appointed inter-departmental advisory committee. This committee's job is to find out what must be done and what can be accomplished if Canada is to treat tourism with the respect and intelligence it deserves.

Assuming the average expenditure on tourist travel to be $250 millions annually, tourism, in these days of shrinking world commerce, ranks head and shoulders above any other single item in our international trade. Recognition of this was made seven or eight years ago when Senator Dennis of Halifax headed a special committee of the Senate to report and study the matter.

As a result of this report, the Canadian Travel Bureau was organized in 1934. It has done splendid work in the intervening years. But it has long been thought inadequate to cope with a problem of the magnitude and importance of the tourist business.

This fact was recognized by the Purvis Employment Commission report of 1937 which recommended a more vigorous national approach to the problem, very much along the lines of the committee which finally met at Ottawa last week. A similar programme has been urged consistently by The Financial Post for a great many years.

* * *

The programme mapped out by the Ottawa conference included suggestions for 12-month publicity, more and better tourist statistics, greater use of films and radio, encouragement of voluntary tourist organizations and appointment of the Canadian Association of Tourist Bureaus as an advisory body to the new inter-departmental committee.

These are useful suggestions. They show the benefit of a round-table discussion. They should be productive of good results if followed through promptly and with enthusiasm.

Yet periodic conferences and inter-departmental committees cannot put drive and steam into the national tourist effort. The committee cannot be expected to be more than a board of directors. Conferences cannot be held any oftener than three or four times a year at most.

There must be an effective national business administration to capitalize on the country-wide enthusiasm for boosting tourist trade which has developed as a result of war needs.

The Financial Post believes that tourism in Canada should have such an administration. If necessary one or more "dollar-a-year" men of proven merchandising and executive ability should be co-opted by Ottawa to help build up such an administration.

The investment should repay itself a thousand-fold.

* * *

Another suggestion is that tourism, instead of being an off-shoot of the Department of Transport, should be promoted to a front-line position in Canada's Department of Trade and Commerce.

With shrinking markets abroad, this department under its able and enthusiastic new deputy minister, L. D. Wilgress, should be well able to handle this industry with imagination and with relatively little addition to his regular staff. The close association between tourism and trade, especially in relation to the Canadian handicraft industry, makes this a logical plan.

The travel business of Canada is seldom treated with the attention it deserves. Now that it has become a major source of dollars with which to pay for U. S. war material, it is again coming into its own.

Let us be sure that resulting from this war impetus, we organize the Canadian tourist business on a basis that will pay large and increasing dividends for many generations to come.

### Avoid Wheat Expansion

The current monthly letter of the Royal Bank of Canada has much to say about Canada's wheat problem. One comment is this:

> "Any further expansion (of wheat acreage) should be opposed by government authorities and the basic economy of our western agriculture studied intensively so that farmers may be given advice and guidance as to the diversification and substitute crops in view of the situation which has now developed."

With such a view, no Canadian, whether an interested wheat grower or an urban taxpayer, can disagree.

The government of Canada, on behalf of taxpayers and at the behest of the wheat growers, has assumed market responsibility for the wheat crop. It is logical therefore to concede Ottawa any control possible over expansion.

On the gamble that war would bring increased demand, wheat growers stepped up acreage by 8% last spring. They expanded planting to an all-time record in face of a large volume of unsold wheat the previous year and the general warning that the world food supply situation in this war was vastly changed from the world shortages in 1914.

Wasteful overproduction can ill be afforded in peacetime. With the whole Empire in the grip of war such waste becomes doubly serious. Obviously the money and labor needed to produce unwanted wheat must, as far as humanly possible, be diverted into the war effort.

Already we have increased our wheat acreage substantially beyond the total of suitable land available. Marginal acreage which should be going back to original grazing land for livestock is being plowed and planted again. This would be a dangerous practice even if there was a sure market for the wheat produced and at double the present price.

To use this land for growing unmarketable wheat and then to demand a subsidy from the government for so doing, is to invite financial bankruptcy and put a serious brake on our war effort.

### Depressed Industries and E. P. T.

Last June Hon. J. L. Ralston brought down the Budget announcing changes in the Excess Profits Tax. He said that a board of referees would be set up to determine the profit base of companies in "depressed" industries.

To date the Government has made no announcement as to the personnel of this board or as to when it will start functioning.

Yet there is evidence that the Excess Profits Tax is acting as a brake in many industries, discouraging expansion and holding up development plans, annual reports, etc.

It is not that business is antagonistic to the new tax, but simply that business seeks to know what proportion of its profits will be diverted to the Federal treasury.

For hundreds of companies it is the proposed board alone that can know the answer. The board faces a big task, yet nothing has been done apparently, toward its appointment.

The government could help business materially by setting up its board of referees.

### Industry and the Defense Board

Colonel George P. Vanier has been named a member of the permanent Joint Defense Board.

The Post has no quarrel with this appointment, except this: the first move to enlarge the board should have been the appointment of a representative from each nation to dovetail industrial capacity into the military programme.

Both Canada's Department of Munitions and Supply and the Knudsen-Stettinius Advisory Commission in the United States should be represented on this board by men qualified to speak with authority on matters such as joint specifications and allocation of armament.

This is an essential part of the work of this board. It is a matter covered specifically in the original announcement creating this organization.

Yet two months have passed without the appointment of anyone who can speak with knowledge and authority as to the rôle which industry can and must play in our joint defense programme.

## Editorials in Brief

**Edmond Cloutier**, general manager of Le Droit, has been named King's Printer to succeed J. O. Patenaude.

It is no reflection on Mr. Cloutier's ability or experience to ask why this appointment could not have been filled by promotion from within the service. The sure way to develop a strong and efficient public service is to recognize the merit principle and to promote men who have come through the ranks into positions of authority, wherever possible.

* * *

**Delay and inconvenience** caused by cabinet ministers acting in dual capacities was evidenced at last week's meeting of voluntary war charity organizations.

Minister of National War Services James Gardiner is in England on business for the Department of Agriculture of which he is also head. Meanwhile, as announced in an official press statement, review of the whole situation as regards joint war services appeals must await his return.

Either of these departments is a big enough job for one man. It is a brake on Canada's war effort to permit Mr. Gardiner to hang on to both portfolios.

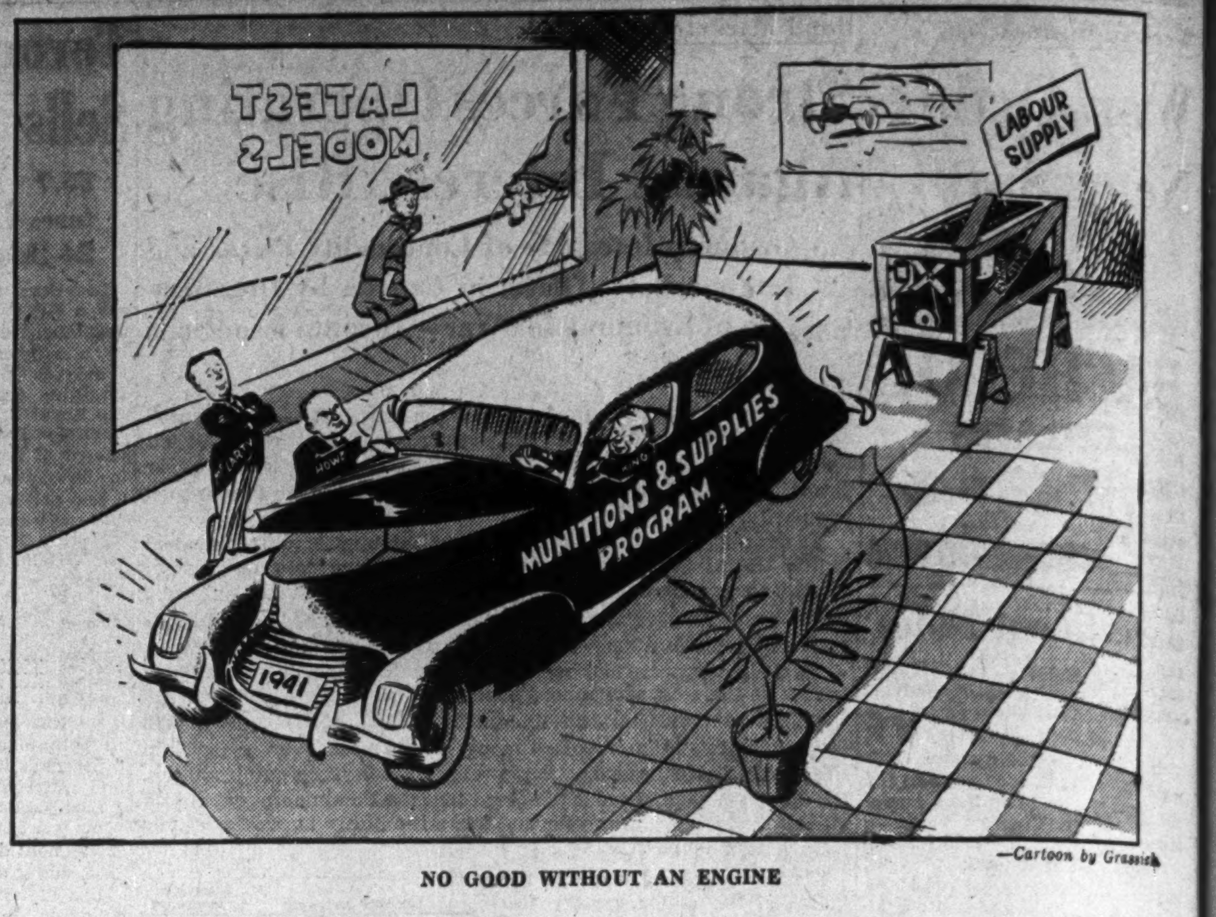
He is no superman.

* * *

**St. Catharines Standard** says it should not have taken the war to remove power supply from the political football field.

We would like to be able to mention one other matter in the same category—railways.

But unfortunately the railway problem is still being kicked about—war or no war.



—Cartoon by Grassick

NO GOOD WITHOUT AN ENGINE

# Post-Scripts . . . .

### Philip S. Fisher

As a score of community service organizations throughout Canada appeal this week for funds to support social welfare activities in their respective communities, no one is more interested in campaign successes than Philip S. Fisher, vice-president and managing director of the Southam Company Ltd.

Philip Fisher is president of the Canadian Welfare Council which sponsored the nationwide radio broadcast on behalf of community chest campaigns last Sunday. It was this broadcast which brought the charming voice of Princess Alice into Canadian homes from coast-to-coast.

*William Notman & Son Ltd.*

P. S. FISHER

For nearly two decades he has been a force behind organized social work in Montreal. In a measure the leadership given by that city in putting its campaigns over the top has been a reflection of the energy and vision which Mr. Fisher has put into that programme. He has been honorary secretary, vice-president, chairman of the executive committee and president of the Montreal Council of Social Agencies. In 1931 he successfully directed a $750,000 Federated Charity campaign drive. He was chairman of the board of directors of the Federated Charities of Montreal from 1938 to 1940, and is now chairman of its Board of Governors.

And it is interesting that Philip Fisher and his wife (formerly Margaret Southam) are an enthusiastic team in their community welfare work. Mrs. Fisher has distinguished herself as women's chairman of the Montreal Federated Charities campaign. She is president of the largest Protestant child care organization in Montreal.

* * *

The Fisher roots go down deep in Montreal and Quebec province soil. There were Fishers in Quebec province five generations ago. Philip Fisher's father was the owner of the first apartment house in Canada. That was about 52 years ago. The building was an experiment in sociology in which R. C. Fisher was interested. It had a common kitchen with dumb waiter service to all the apartments. It is the Sherbrooke Apartment building still standing opposite the Montreal Art Gallery.

Philip Fisher's uncle, Hon. Sydney Fisher, was for 15 years Minister of Agriculture in the Laurier cabinet. He was a gentleman farmer from famous Brome County. Both the father and the uncle were at one time interested in the Montreal Herald. They both held extensive real estate holdings in and about Montreal.

Thus when Philip Fisher brought himself safely (except for a game leg) out of the Great War, he decided to abandon engineering which he had been heading for at McGill prior to 1915 and get some practical experience in the real estate business with Walter Molson & Co. After two years, he switched to the statistical department of Royal Securities Corp. By this time both his father and his uncle had died and the two estates needed looking after. Philip Fisher resigned to administer the properties and investments.

* * *

One day in June, 1923, Mr. Fisher was lunching at the club with his father-in-law, F. N. Southam. Mr. Southam was interested in a proposal to purchase the Vancouver Province. He was going west to look into it and asked P. S. F. if he would like to go along.

The trip started Philip Fisher along a trail which has taken him pretty directly to a senior position at the head of the Southam publishing enterprises.

These are enterprises which had their genesis with the late William Southam when he moved from London to Hamilton many, many years ago to purchase a half interest in the Hamilton Spectator. Today, the organization comprises daily newspapers, in Hamilton, Vancouver, Winnipeg, Ottawa, Calgary and Edmonton. It includes two big job printing organizations in Toronto and Montreal.

The newspapers carry the biggest aggregate advertising revenue of any newspaper group in Canada—yet each one is independently managed. Their combined circulation exceeds 275,000.

* * *

Philip Fisher started as a "chore boy" to help his father-in-law with some of the Southam responsibilities in Montreal. At that time the Southam head office was at Ottawa. Mr. Fisher was of an age which just "bridged" two generations. The sons of founder William Southam were getting along in years or had passed the "halfway mark." The third generation had not reached an age where they could accept responsibility.

It has been part of Philip Fisher's job to help develop in the third generation (of whom there were 10 actively connected with the business when war broke out last year) the competence and idealism which had inspired the original founders of the dynasty. Of 11 living grandsons old enough to be in the services, eight are actually in uniform today.

Philip Fisher is essentially a man who heads for the centre of any programme or enterprise with which he is associated. He cannot be happy on the fringes. Always he is attracted by the focal point whether it be a business, a welfare organization or a chamber of commerce. For example, though he has never been an active office holder in the Montreal Board of Trade, he has been for 10 years a member of the executive committee of the Canadian Chamber of Commerce. In 1937 he was national chairman of the executive committee.

* * *

Today he is 44 years of age, boasts a fine family of six youngsters. He has never written a word or story for any of the Southam papers, doesn't particularly want to. But he is passionately concerned that the Southam organization be perpetuated along broad lines of national service.

The limp with which he walks came from a 1917 wound inflicted when he was a flight commander in the Royal Naval Air Service. He also got a D. S. O. and a D. S. C. The disability hampers him not at all from enjoying his favorite sports—tennis and sailing. His distinctive manner of speech—Philip Fisher finds it almost impossible to say the letter "r"—goes back to childhood. It may have some connection with a winter spent as a three-year-old in Lausanne, Switzerland (Philip's father believed all his children should be bilingual).

### Stop Me If . . . .

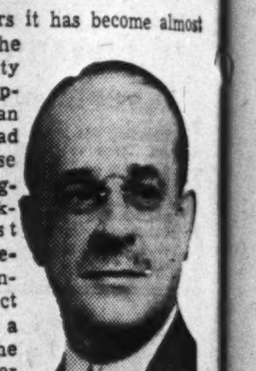
The telephone rang in the press room at the White House. The reporter who picked it up heard a Negro voice say: "Hello—is this Doctuh Adams?" "No," answered the reporter. "This is the White House." "Oh, the White House," said the voice. "Excuse me, Mistuh President."

### Berkinshaw in 114 Words

Norman W. Berkinshaw, the Bank of Nova Scotia's new assistant general manager, is not a Maritimer by birth.

That's news!

In recent years it has become almost an axiom in the banking fraternity that to be a top-flight Canadian banker, one had to be a Bluenose or a Herring-Choker. Mr. Berkinshaw's latest promotion, therefore, draws attention to the fact that not being a Maritimer, he must be a banker of more than ordinary ability.



N. W. BERKINSHAW

That is not news!

It seems to be true that when a man enters the banking profession every attempt is made to wash out his individuality as far as the public is concerned. There may be a good reason for this policy (though we are yet to be convinced). The public's conception of a banker has been made the subject of many a joke; few of which are justified. But bankers themselves have done very little to convince the public that they, too, were human.

* * *

After considerable scouting around we were able to dig up certain information about Mr. Berkinshaw and his career; in fact, it was supplied by the bank, as Mr. Berkinshaw was loath to say anything because "the public is not interested in me." We cannot do better than quote it:

> "Born in Toronto in 1883, whose antecedents came from Yorkshire; educated at Upper Canada College and entered the Bank of Nova Scotia at an early age, being one of the first group of Ontario boys to join that bank when it moved its general office to Toronto from Halifax; as a young man, spent some time in branches of the bank at Calgary, Edmonton, Regina and Saskatoon, and at Truro, N.S.; opened two branches in Toronto (and was manager of them), at Queen and River Sts. and at Queen and Church Sts.; manager at Vancouver for 12 years and manager at Montreal for nearly 14 years; altogether has served 39 years in the bank."

Like a balance sheet there is a lot of meat in the above statement. It took just 114 words and one sentence to describe the career of a man who has spent 39 years doing a splendid job of furthering the interests of one of Canada's outstanding chartered banks.

There are a few items of interest omitted from this "balance sheet."

Nothing is said of the fact that Mr. Berkinshaw is not only highly regarded but is popular along St. James' Street where bankers are a penny a dozen and competition for new business sometimes goes to extraordinary lengths. Mention might also have been made that Mr. Berkinshaw has achieved no ordinary reputation for his ability to open branches and put them on a sound footing. The statement says he opened two branches in Toronto. It fails to mention the three branches he opened in Montreal.

In his earlier days Mr. Berkinshaw had a passion for riding and when stationed in Calgary had his own horse. Of late years he has not been doing much riding but he finds consolation in his library, one of the largest privately owned in Montreal.

# Other People's Views . . . . . . . .

## The Canadian Editorial of the Week

### Our Pampered Appetites

Ottawa Journal

"Guns or butter?" demanded Goering. The answer, spontaneous or not, was unanimous. "Arms or appetizers?" is a question before Canadians today. "Shall we put equipment in the hands of our troops or eat the price of it?"

The United States is the only country from which we can buy the essentials to keep our troops in fighting trim until our own production overtakes our needs, and for every bomber or bullet that we get the conditions are "cash and carry."

The dollar that we pay for table luxuries is a dollar less with which to buy arms.

The United States will get the dollar anyhow, but what do we choose to take in exchange — military necessities or civilian luxuries?

Last year we paid the United States $13,578,933 for fresh fruits, a large part of them being pre-season varieties that Canadian gardens and orchards would later produce at lower cost and of higher quality. But our pampered appetites could not wait. We had to have strawberries in January and before June brought our own fruit in superabundance we had imported $500,000 worth—the cost of a squadron of fighter planes!

For grapes we paid more than $1,000,000—for which we could have had 200 light tanks. Apples, peaches, pears and plums—all available in finer tree-ripened quality in our own country a few weeks later—cost us $1,334,000, or the price of 2,500 heavy machine guns. Melons cost us $227,000—the equivalent of about 100 ambulances.

In the vegetable field we ate United States tomatoes, potatoes and celery to the value of 25 big bomber planes. We had our dainty dinners, and Berliners were spared the bombs! Lettuce, cabbage, carrots and green peas cost us another million dollars.

Citrus fruits ha a high medicinal value—but did we eat $8,350,000 worth because the state of our health demanded them, or just because we liked them? (This figure does not include $590,000 worth of United States grapefruit juice, although at least two very fine brands of tropic-ripened British West Indian juice are offered in our grocery shops.)

Can we live without bananas? We bought $1,263,000, worth from the United States last year. For that money we could have had several mine sweepers.

For dried fruits we paid the United States $1,738,000. Let us not forget that the finest raisins are grown in Australia by veterans of the last Great War.

Our resources of United States exchange are all too limited. We cannot borrow in New York as we did before. Every dollar that goes across the line for other than war essentials is a dollar gone from our fighting-power. Shall 20 million Canadian dollars that might buy munitions of war go for table luxuries in the next 12 months?

The answer lies with Canadian housewives.

* * *

## The Mail-box

### Chicago and the Seaway

Editor, The Financial Post:—

You have no doubt read the Globe and Mail article, Oct. 15, entitled, "MacNicol Sees Chicago Grabbing Extra Water."

This is a very important matter for Canada, and I sincerely hope you will bring this matter to the attention of your readers as impressively as possible.

It would be most unfortunate if water were to be diverted from northern Ontario through the Ogoki and Long Lac schemes, if at the same time, this water is to be sluiced through the Chicago drainage canal.

The whole St. Lawrence water way problem is complicated from various angles, and I sincerely hope that Canada will move with great care. Responsible authorities, such as the U. S. Chamber of Commerce and others, doubt the wisdom of any further financial obligations either on the part of the U. S. or Canada, such as would be imposed by active work on this scheme at the present time.

The writer hails from Ontario.

(DR.) H. LYMAN HOOKER.

New York, N.Y.

* * *

### Farmers Evade Tax

Editor, The Financial Post:

I am taking this opportunity of placing before you a situation which I think can hardly be realized by government officials and others concerned with good government. We hear a lot here in the West about the "poor farmer," but to one who knows pretty closely their circumstances it is ofttimes very disgusting. Only recently a father and a son, who both own fairly modern Ford cars and who purchased this year a new grain thresher and gasoline tractor, also a new binder, and who both possess quite decent homes and thousands of bushels of wheat, were grousing over conditions in general. Another man who admitted that he fed well and had not suffered a crop failure for the past ten years was complaining because he did not have a car and because the Government was selling wheat to Britain at 70c. when Britain was willing to pay $1.70. We see all around us farmers with big cars, Buicks and Nashs, going for trips down East, buying equipment, improving their holdings and never paying a single dollar in income taxes. Neither do they pay any National Defense Tax. This situation apparently obtains throughout the greater part of western Canada and it seems a grave injustice that because a person is employed by a large corporation he has to pay income taxes with but an odd exemption, whereas the farmer, and as previously stated there are a number of them that we know personally in this district, who are well off, are permitted to add exemption to exemption until finally he will get his net income below the minimum. Furthermore not one farmer in ten, who should, submits an income tax report.

We cannot help but feel that if the farmer contributed more toward the Government of the country he would do a little less kicking. We would not bring this matter up were it not for the fact that the present national emergency calls for everyone to do his or her share toward bringing this war to a final and successful conclusion and we feel that a tremendous leakage in income taxes is occurring through lack of supervision and investigation of the actual financial standing of most farmers.

Every farmer threshing 4,000 bushels of wheat and over should, in my opinion, be made to submit an income tax report. These names could easily be obtained from the thresher-men who, at least in this province, are licensed.

SUBSCRIBER.

Spirit River, Alta.

* * *

## As Others See Us

Even in the midst of the most tragic conflict in human history, some thought is being given to the sort of world we believe Canada will find itself in when peace and victory are assured.

Commenting on a previous reference in The Post, the Midland Free Press says:

> "When the war ends Britain will have a tremendously increased industrial stake in Canada. So says The Financial Post. The Old Land is going to depend on Canada for permanent supplies of munitions of many sorts, since they can be made in Canada close to sources of raw materials of nearly every sort. There has been talk of immediately moving some British industries, men and machinery to Canada to avoid the possibility of their being bombed by the Nazis. In this way continuous supplies could be assured.
>
> "'Canada After the War Seen Highly Industrialized,' says a heading over a two-column article in the Christian Science Monitor, which describes the tremendous industrial development which is going on in Canada at present, and which is likely to continue on an increasing scale when the war is over.
>
> "There are capitalists aplenty who will seek the earliest opportunity to escape from the madness of Europe."

* * *

## Sayings of the Week

"In all my life I have never been treated with so much kindness from the people who have suffered most."—*Prime Minister Churchill.*

* * *

"In the name of God and of justice we must be prepared to risk everything and do everything to guarantee that Christian civilization does not vanish from the face of the earth."—*Sir Edward Beatty.*

* * *

"May the finger of retribution be in your armament and the wind of victory in your wings."—*Hon. C. G. Power to Australian flyers.*

* * *

"It cannot and will not be the destiny of the human race that evil will conquer and that all that is human in man will be destroyed."—*Maurice Maeterlinck.*

**The Financial Post**

**Member Audit Bureau of Circulations**

A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

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**Week in Business**

# War Orders in Canada Near $500 Millions

## Retail Trade Reports Continue Satisfactory — Steady Volume of Business Expected in West As Crop is Gradually Marketed

War orders placed by the Canadian Government now total close to $550 millions according to an official announcement from Ottawa. Approximately $135 millions was for British account, the balance, $415 millions, for Canada. It is estimated that over 85% of all these orders, or about $470 millions, has been placed with Canadian firms, the remainder largely in the United States for key materials not available here.

That this new business for Canada is continuing at record levels is indicated by the announcement that orders for the first week in October constituted the largest number placed in any one week since the beginning of the war. Practically every phase of Canadian business activity is covered with orders ranging all the way from knives and forks to $600,000 war vessels. Everything that a soldier can eat or wear is included.

• • •

The money being spent in Canada is being paid out for raw materials, wages, etc., and in turn is spent in the shops for food, clothing, radios, automobiles, etc. A large part of it, too, goes back to the banks as savings deposits.

Reports of retail sales in all parts of the country continue satisfactory. In the western provinces, in spite of the limited crop payments farmers have received so far, business on the whole is good. In some quarters it is felt the outlook for a steady volume of business all year is bright. In normal times when farmers get a large amount of money for their crops they are likely to spend freely for a few weeks in the fall and then curtail their buying. A certain amount of extravagance is followed by a reduction of purchases below normal. This year as storage space is cleared and wheat is marketed farmers receive moderate payments from time to time. This will not encourage lavish spending at any time but is likely to provide a moderate but steady demand for merchandise over the coming months.

Evidence of the steady improvement in Canadian trade and industry is had in the advance of The Financial Post Business Index in September to another new record level, at 147.4, more than 3% above August and 20% higher than a year ago.

• • •

Meanwhile Canada's foreign trade continues to expand. Exports in September exclusive of gold amounted to $101.4 millions, a gain of almost 25% over last year. The bulk of the gain was in exports to Empire countries which amounted to $57.5 millions against $37.2 millions in 1939. Exports to other countries were $43.8 millions against $44.1 millions a year ago.

## Business Indicators

**Current business** active with D.B.S. index of business activity for the week ended Oct. 12 slightly below previous week, but almost 3% above last year.

**The Financial Post** Business Index for September based on preliminary figures reaches new high level.

**Carloadings** for week ended Oct. 12, about 7% higher than in 1939.

**Railway gross** traffic earnings for second week of October lower than year ago for both roads, but totals for year to date up 23% for C.N.R. and 13% for C.P.R.

**Automobile production** in September slightly lower in passenger car division with truck output showing enormous increase over last year. Automobile financing shows gain in both new and used cars.

**Flour exports** in September higher than year ago, with wheat exports smaller. Cumulatives in both cases for nine months above last year.

**Lumber exports** in September slightly above year ago. Total for nine months up 13%.

**Cotton consumption** higher in September than in 1939. Total for nine months up 65%.

**Cigarette consumption** rises slightly in September.

**Trend of business** shown by The Financial Post Index and following key factors new items for the week being marked thus ▪.

| TREND OF BUSINESS— | Oct. 12 | Oct. 5 | Sept. 28 | Sept. 21 | Oct. 14/39 |
|---|---|---|---|---|---|
| Weekly index of business, D.B.S. | 104.9 | 105.3 | 105.3 | 104.5 | 101.9 |
| Commodity prices index no. .... | 83.1 | 83.0 | 82.9 | 83.0 | 78.0 |
| | Sept. | Aug. | July | June | Year Ago |
| ▪The Financial Post business index | *147.4 | 142.9 | 139.5 | 141.7 | 122.6 |
| Retail sales index no. ..... ..... | .... | 94.1 | 89.4 | 91.9 | 80.6 |
| ▪Dept. store sales index no. ..... | 88.8 | 89.2 | 87.5 | 81.4 | 86.6 |
| Wholesale sales index no. ...... | .... | 115.3 | 105.1 | 117.6 | 107.4 |
| Country store (% change pr. yr.) | .... | +9.8 | +6.2 | +8.3 | —2.2 |
| EMPLOYMENT Index Nos., D.B.S. | Sept. 1 | Aug. 1 | July 1 | June 1 | Year Ago |
| All industries ........... ..... | 131.6 | 127.9 | 124.7 | 120.9 | 119.6 |
| Manufacturing ......... ...... | 138.4 | 134.4 | 130.3 | 129.2 | 115.3 |
| Wage earners, no. 000's ......... | .... | .... | 2,634 | 2,568 | 2,419 |
| Living costs weekly budget ..... | .... | $17.90 | $17.84 | $17.72 | $17.02 |
| | | | Jan. 1 to date | | % |
| RAILWAYS— | 1940 | 1939 | 1940 | 1939 | Change |
| ▪Carloadings (week Oct. 12) | 64,522 | 60,079 | 2,173,370 | 1,959,651 | +10.9 |
| ▪C.N.R. gross (week Oct. 14) $ | 4,858,540 | 5,031,079 | 188,275,669 | 152,144,564 | +23.7 |
| ▪C.P.R. gross (week Oct. 14) $ | 3,301,000 | 3,697,000 | 128,843,000 | 113,507,000 | +13.5 |
| ▪C.N.R. net revenue (Sept.) $ | 3,927,467 | 6,304,642 | 27,968,316 | 6,652,354 | +320.4 |
| C.P.R. net revenue (Aug.) $ | 2,263,597 | 905,950 | 17,304,434 | 6,883,453 | +151.4 |
| IRON AND STEEL—Aug.— | | | | | |
| Pig iron production .(tons) | 88,885 | 65,920 | 734,436 | 422.028 | +74.0 |
| Steel ingots and castings prod. ........... (tons) | 172,210 | 122,019 | 1,300,033 | 813,309 | +58.6 |
| AUTOMOBILES—(Number)— | | | | | |
| Passenger Cars: | | | | | |
| Domestic sales* .. (Aug.) | 2,761 | 3,672 | 76,950 | 64,007 | +20.2 |
| ▪Factory output .. (Sept.) | 3,410 | 3,494 | 80,603 | 79,642 | +1.2 |
| Trucks and Buses: | | | | | |
| Domestic sales* .. (Aug.) | 2,271 | 2,494 | 21,731 | 18,025 | +20.6 |
| ▪Factory output .. (Sept.) | 12,065 | 427 | 74,245 | 30,644 | +142.2 |
| Financing: | | | | | |
| ▪Used ........... (Sept.) $ | 3,247,690 | 2,329,244 | 32,873,671 | 27,617,035 | +19.0 |
| ▪New ........... (Sept.) $ | 2,017,453 | 1,793,221 | 26,102,370 | 22,084,791 | +18.2 |
| CONSTRUCTION— | | | | | |
| Contracts awarded (Sept.) $ | 52,260,000 | 19,379,100 | 247,749,000 | 150,781,900 | +64.5 |
| Cement prod.. bbls. (July) | 983,000 | 736,000 | 3,710,804 | 2,730,691 | +35.9 |
| AGRICULTURE— | | | | | |
| Flour prod., bbls .. (Aug.) | 1,291,451 | 1,382,158 | 10,081,998 | 9,310,011 | +8.2 |
| ▪Flour exp., bbls. . (Sept.) $ | 550,754 | 416,553 | 5,192,380 | 3,422,504 | +51.7 |
| ▪Wheat exp., bush. . (Sept.) | 9,499,854 | 15,641,142 | 100,470,813 | 91,008,092 | +10.3 |
| Cattle sales▴ ... .. (Sept.) | 115,444 | 98,371 | 788,455 | 741,429 | +6.3 |
| Hog sales▴ ......... (Sept.) | 413,207 | 251,261 | 3,436,840 | 2,336,167 | +47.0 |
| SEA FISHERIES—‡ | | | | | |
| Catch, cwts. ....... (Aug.) | 1,328,000 | 1,426,700 | 7,366,350 | 6,603,450 | +11.5 |
| Landed value ...... (Aug.) $ | 2,957,200 | 3,041,100 | 12,466,500 | 11,951,750 | +4.3 |
| NEWSPRINT— | | | | | |
| Production, tons ... (Sept.) | 282,322 | 253,230 | 2,573,605 | 2,058,899 | +25.0 |
| Exports, tons ..... (July) | 318,841 | 200,173 | 1,823,983 | 1,415,290 | +28.8 |
| MINING AND OILS— | | | | | |
| Coal prod., tons . (July) | 1,227,967 | 1,093,542 | 9,455,368 | 7,909,811 | +19.5 |
| Coal imports, tons . (July) | 2,398,461 | 1,590,973 | 9,125,592 | 5,456,919 | +67.2 |
| Gold prod.. fine oz. (July) | 456,626 | 439,925 | 3,028,668 | 2,929,894 | +3.3 |
| Crude oil prod., bbl. (July) | 877,133 | 899,169 | 4,558,162 | 4,270,407 | +6.7 |
| Crude oil imp., bbl. (Aug.) | ........ | ........ | 25,834,800 | 22,902,000 | +12.8 |
| ELECTRIC POWER OUTPUT—(August)— | | | | | |
| Total monthly, 1,000 kw.h.'s | 2,500,179 | 2,293.032 | 20,083,914 | 18,243,128 | +10.0 |
| FOREIGN TRADE—♦ | | | | | |
| Imports ........... (Aug.) | 96,835,858 | 62,708,079 | 682,432,876 | 441,767,448 | +54.4 |
| Exports .... ...... (Aug.) | 111,359,571 | 76,475.742 | 766.533,773 | 561,583,507 | +36.5 |
| OTHER INDUSTRIAL FACTORS— | | | | | |
| ▪Dressed lumber exp.: 1,000 bd. ft. .. ... (Sept.) | 276,912 | 216,480 | 1,788,363 | 1,579,885 | +13.2 |
| Shoes, prod., pr. .. (Aug.) | 2,382,680 | 2,453,069 | 16,969,649 | 15,536,833 | +9.2 |
| ▪Cotton consump., lb. (Sept.) | 14,286,921 | 11,357,757 | 142,218,479 | 85,825,455 | +65.7 |
| Raw rubber imp., lb. (Aug.) | 9,987,073 | 4,553,281 | 62,022,360 | 40,749,354 | +52.2 |
| ▪Cigarette cons. No.† (Sept.) | 597,291 | 584,758 | 5,563,072 | 5,274,644 | +5.4 |
| Sugar manufactured .. lb.§ | 71,339,246 | 71,827,680 | 620.345.592 | 561,198,546 | +10.5 |
| FINANCE— | | | | | |
| ▪Bank debits† ...... (Sept.) $ | 2,571,236 | 2,831,651 | 24,653,180 | 22,731,224 | +8.4 |
| ▪Bond sales† ....... (Sept.) $ | 400,972 | 50,646 | 1,742,945 | 1,036,510 | +68.1 |
| ▪Life insurance sales (Sept.) $ | 26,156,000 | 34,252,000 | 267,381,000 | 269,033,000 | —0.6 |

*D.B.S. All Canada figure covering over 90% of the Canadian total..
†000's omitted. §For four weeks to Sept. 7, 1940. ♦Gold excluded.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Preliminary.
▴Total at yards and plants.
New items for week marked.▪

# B.C. Fisheries May Benefit

## Friction With Japan May Open Big Market to Canadians

From Our Own Correspondent

VANCOUVER.—Friction in the Orient between British and Japanese interests may result in diverting canned salmon orders from the United Kingdom to this coast.

British Columbia salmon packers have been sharing liberally in the United Kingdom salmon market despite the price differential favoring other producing countries, notably Japan and the United States, but the share would inevitably be increased should Britain decide to leave Japan out of consideration when placing her next big salmon orders.

It may be too late for the situation to have any effect on the market this year because Japanese canned salmon is transported in Japanese ships to relieve British tonnage for other purposes, and there has been no delay in getting delivery by that means.

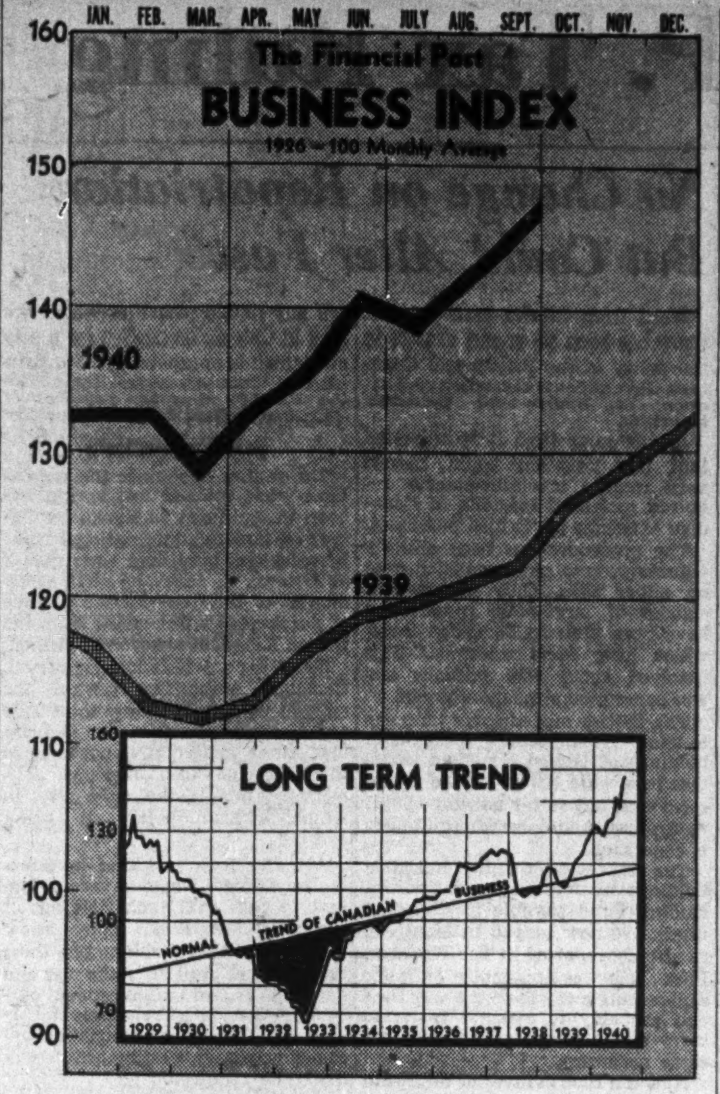
Possibilities of the salmon trade's diversion from the Far East to the west coast are indicated by the fact that Japan last year sold 80,000 cases of canned salmon in the United Kingdom at $11.88 per case, compared with 200,000 cases sold in the same market by British Columbia, at $15 a case. The United States sold 600,000 cases at $13.35.

### Herring Market Broader

Regardless of the salmon position, British Columbia packers will be called on this year for a greatly increased supply of canned herring for the United Kingdom.

Most of the minesweeper fleet of the North Sea has been commandeered by the British Admiralty, resulting in drastic curtailment in herring operations. Last year the British Columbia industry received some substantial orders for herring in tomato sauce packed in one-pound oval cans for export to Britain.

The product was apparently satisfactory because this year the industry has received orders totalling approximately 1,500,000 cases, valued at approximately $3 millions. The industry's only worry is whether it will be able to pack sufficient herring to meet the demand. Owing to the short pack of canned salmon, canned herring will be badly needed in the British Isles.



## BUSINESS EXPANDS FURTHER —

Continued expansion in productive operations due to war orders was shown in Canada in September. The Financial Post Business Index for the month, based on preliminary figures, rose to a new high level at 147.4 from the previous high of 142.9 reached in August.

The iron and steel industry contributed heavily to the advance in September. Foodstuffs were produced in greater volume and a number of miscellaneous items recorded advances over August after seasonal adjustments.

**Major Economic Factors**

| | | Sept., 1940 | Sept., 1939 | Increase + Decrease — | Aug., 1940 |
|---|---|---|---|---|---|
| The Financial Post business index .... | | †147.4 | 122.6 | +20.2 | 142.9 |
| Bank deposits† ..................... | | 133.8 | 128.2 | +4.4 | 131.4 |
| Gold receipts at mint ........ | fine oz. | 382,479 | 434,532 | —12.0 | 444,033 |
| Silver shipments ........... | fine oz. | 1,442,868 | 2,281,984 | —36.8 | 2,392,762 |
| Sugar manufactured .............. | lb. | 71,339,246 | 71,827,680 | —0.7 | 65,603,276 |
| Cheese, factory production ....... | lb. | 20,524,097 | 17,904,245 | +14.6 | 24,000,808 |
| Butter, creamery production ...... | lb. | 26,414,079 | 29,981,289 | —11.9 | 33,810,866 |
| Cigarette releases ................ | No. | 597,291,350 | 584,757,839 | +2.1 | 620,888,893 |
| Cigar releases .................... | No. | 13,752,796 | 11,742,065 | +17.1 | 14,284,898 |
| Newsprint production ........... | tons | 282,322 | 253,230 | +11.5 | 316,607 |
| Planks and boards exported .... | M. ft. | 276,912 | 216,480 | +27.9 | 281,529 |
| Shingles exported ............ | squares | 307,728 | 310,576 | —0.9 | 242,181 |
| Carloadings ................... | No. | 252,425 | 294,656 | —14.3 | 255,953 |
| Automobile production ........... | No. | 15,475 | 3,922 | +294.6 | 13,983 |
| Cotton consumption .............. | lb. | 14,286,921 | 11,357,757 | +25.8 | 16,200,326 |
| Coke production ................. | tons | 251,594 | 186,284 | +35.1 | 256,976 |
| Bank debits ...................... | $ 000 | 2,571,236 | 2,831,651 | —9.2 | 2,457,706 |

†1926 = 100. *Preliminary.

# Keeping Posted . .

By JOHN C. KIRKWOOD

JOHN C. KIRKWOOD

Eighty per cent of the work now in progress in Canada is related to war effort, says E. G. Wilson, writing in the current Men's Wear Merchandising. The article deals with textiles for war. Among the many war time problems are those of mildew and waterproofing of heavy fabrics, such as cotton duck and tent material, and the testing of silk for parachutes. Included in the laboratory of the textile research division of the Department of National Defense are machines for testing the breaking strength of fabrics, yarn and cord, abrasion testers for testing the wearing qualities of fabrics, a bursting strength tester, apparatus for measuring the heat transmission of blankets or other materials, and an air porosity tester for testing parachute silk.

Not the least of the present day problems are those of discovering suitable substitutes for materials that are becoming difficult to obtain. For example, there is a great shortage of flax. It is interesting that the new fibre, Nylon, promises to be valuable in this connection.

• • •

### Success Stories

Four years ago John Robertson, owner of a general store in Saskatchewan, left that drought-stricken province to start a business elsewhere. He went to the Kingsway district of Toronto, then a sparsely settled district, but fast becoming popular, especially for young married persons.

In this 5-square-miles area Mr. Robertson's new store has already taken root. Two doors away is a large grocery chain store unit, which helps attract customers for the Kingsway Hardware—which is something more than just a hardware store; it sells china and giftware in addition, of which Mrs. Robertson is in charge. She does her own buying, selling and window-dressing and displaying. The story of their success is in the current issue of Hardware and Metal.

What impresses me is: retailers willing to succeed can succeed. Opportunities to succeed in retailing abound. A Bulgarian who came to Canada 25 years ago has built up a very large business in Peel County, within 30 miles of Toronto.

He began by buying chickens. Today he has stores and business premises on three facing corners. He has a general store, a garage business, an implement agency, a service station; he has two tractors for renting to farmers; he has a trucking business; and he has a recreation room for farmers to play checkers and cards in.

• • •

### Four do 60%

In Canada in 1939 the total sales of 87 food chains amounted to $127 millions. Of these chains, four did more than 60% of the business.

As reported by Canadian Grocer, these four did business as follows: Loblaw's, $27 millions; Dominion, $20 millions; A. & P., $17.5 millions; Safeway, $17 millions.

The average sales per unit of all the 2,046 units constituting the 87 food chain stores was, for 1939, $62,000.

In its fiscal year ended June 1, 1940, sales of Loblaw's averaged $254,000 per unit, as compared with $205,000 for the previous year. The company has 113 stores in all, of which 90 odd are of the combination market type—selling both groceries and meats. Loblaw's have larger sales per store than any other similar organization on this continent.

• • •

### The "I Spy" Men

National advertisers have to be increasingly circumspect in what they say in their advertisements. They are under observation all the time by the "I Spy" men at Ottawa. Take the article, fruit juice, by way of illustration.

After Jan. 1, 1941, no tin or glass container of a fruit juice may use the word "juice" on its label if the juice has been diluted by the addition of water or anything else. The only addition to the pure juice permitted is sugar. This new order of the Fruit and Vegetable Division of the Department of Agriculture at Ottawa, will probably stop the importation of some of the cheaper canned grapefruit, orange and pineapple juices. This Ottawa regulation applies equally to juice packers in Canada. If the packers of diluted juices want to go on selling their product, they will have to use some word other than "juice" on the label.

# War Dominates Wheat Outlook

## Stanford University Survey, Confirms Glut Here Scarcity Abroad

War dominates the wheat market and will probably continue this leading rôle until peace. This is the conclusion of the Food Research Institute, Stanford University, in its survey for September.

The Institute looks for smaller than normal world exports this season, perhaps not more than 450 million bushels. The record carryover of 600 million bushels from the 1939-40 crop year is expected to be nearly equalled again next season.

This survey confirms area reports of a wheat scarcity in Europe, especially in Belgium, Holland, Denmark and Norway, all normally heavy importers. Whether France will suffer depends on what proportion of substantial reserve stocks last spring has since been commandeered by the Germans. In contrast to the European situation an unprecedentedly large stock in North America is reported.

# New Building

### WAR PROJECTS

**Research Enterprises Ltd.** has awarded general contract for all buildings required for its plant at Leaside, Toronto suburb. The project calls for outlay of $600,000 on buildings alone, without equipment, for optical building, grinding and polishing shops, assembly plant, machine shop, radio units plant, and office building. Research Enterprises is a Government-owned company established to initiate production in Canada of optical glass, range finders, gunfire control instruments, and secret devices.

Recent large contracts awarded by the Dept. of Munitions & Supply cover the following projects:

Bombing and gunnery school, $800,000; Lethbridge, Alta.

Elementary flying training school, $130,-000, Stanley, N.S.

Reported by Engineering & Contract Record:

**Steel Co. of Canada, Canadian Westinghouse Co., Dominion Foundries & Steel Ltd.,** and **Otis-Fensom Elevator Co.** plants at Hamilton, Ont., are being extended for war production purposes at Government expense at total cost of $23 millions. The Otis-Fensom addition alone will cost $9 millions.

**Wallace Barnes Co.** has awarded general contract for $100,000 addition to its Hamilton plant.

**Dominion Dept. of Munitions & Supply** has awarded contracts for construction of $1.2 million permanent-type camp of 150 buildings at Wakesiah Campsite at Nanaimo, B.C.; for $337,000 air reconnaissance school at Debert, N.S.; for $386,529 construction and defense project at Saint John, N.B.

**Joseph B. Ryan,** Philadelphia, has awarded contract for construction of additional ski-tow costing $50,000 at his large resort development at Mont Tremblant, Que. A further $50,000 is being spent for improvement of the development.

**Canadian Industries Ltd.** is reported planning erection of $2.5 millions plant in eastern Ontario.

**Quebec Municipal Commission** has been studying proposals for construction of sewage treatment plant for Montreal, to handle sewage now dumped into the Back River. Cost estimates for various types of projects range from $750,000 to $3 millions.

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# Pulp and Paper Rail Handlings Easier

From Our Own Correspondent

MONTREAL.—Movement of pulp and paper and pulpwood by Canadian railways appears to have reached a near peak, returns for Oct. 12 showing a minor gain over that for the like period a year ago. However, the total movement for the year to date is considerably in excess of that for 1939. Up to Oct. 12, 66,813 cars of pulpwood were loaded, or 23,148 more than in the like period of 1939. Pulp and paper loaded amounted to 106,306 cars to Oct. 12, a gain of 26,882 up to Oct. 14, 1939.

"United and Resolved"

RT. HON. WINSTON CHURCHILL

"The British Empire stands invincible . . . . Our people are united and resolved as they have never been before . . . . with the conviction of final victory burning unquenchable in our hearts." In these ringing words of confidence, Prime Minister Winston Churchill has expressed the fighting spirit of the British people—their grim determination to prosecute this war until tyranny is ended and freedom finally triumphs. "United and resolved" symbolizes the spirit of nearly four million Canadians banded together for mutual protection through the great co-operative enterprise of life insurance. These good citizens know that life insurance has weathered every storm in the past 100 years—and that it promotes national security and stability. It is good citizenship to own Life Insurance

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# Paper Firms Seek E. P. Tax Ruling

## Newsprint Industry's Enquiries at Ottawa Unsatisfactory—No Encouragement Offered—Want Board Set-up

By JOHN E. LANGDON
Eastern Editor, The Financial Post

MONTREAL.—Several newsprint operators went to Ottawa recently seeking a ruling to apply to their particular cases under the Excess Profits Tax Act.

They received short shrift from the authorities. In effect they were told to put in their tax returns in the manner called for in the Act. If then they considered their case as warranting special treatment, application could be made to the proposed Board of Referees. Further they received little satisfaction as to when Ottawa would set up the Board to consider such applications.

This matter is of vital importance to the newsprint manufacturers. Certainly newsprint is entitled to consider itself a depressed industry and, therefore, entitled to special treatment. For years this industry has been in a semi-bankrupt state. To all intents and purposes it may be said that there has been no return on capital for the last ten years.

### Need for Earnings

Earning power has been so restricted that practically every company in the industry has had to defer necessary work on renovations, repairs, machinery improvements, etc. The deferred maintenance in this industry now runs into many millions of dollars.

With the exception of 1937 the industry as a whole has not been able to show satisfactory earnings since around 1930. In the ten-year period several companies have had to go into bankruptcy because of limited earnings; some are still in bankruptcy. Those that have been reorganized include Canada Power & Paper (now Consolidated Paper Corp.) and Price Bros. and Co Others, like Mersey Paper, Lake St. John Power & Paper, etc., have had to make capital readjustments. Practically every operator has had to defer dividends on capital and several have accumulated dividend arrears running to more than 50% of the value of the stock outstanding.

### Report Large Earnings

This year the newsprint industry will report large earnings which will be very substantially in excess of the average of the past four years Brompton's consolidated earnings for the first nine months, for example, ran to over $1 million, as against less than $400,000 for the like period last year. St. Lawrence Paper Mills showed a gross income to the end of September of just under $1.3 million, as against $538,000 last year.

These are not isolated examples. They are typical of the revival of earning power in the industry because of a better demand and not to price increases or "wartime profiteering."

### Only Nominal Return

While earnings of individual companies in 1940 will appear high in relation to those of recent years, actually they represent only a nominal return on capital investment.

Under ordinary circumstances this re-establishment of earnings would permit the companies to carry out much needed expenditures on capital account and in some cases, make a small return on capital.

If the industry is not to receive special consideration under the Excess Profits Tax, it will not be possible to do any of these things. An examination of the income accounts of a number of companies indicates that if the full Excess Profits Tax is paid for 1940, net profit available on the capital will be less than it was in 1939.

### Wants Fair Play

The industry is not opposing payment of the Excess Profits Tax but in view of its past financial difficulties, the operators are seriously concerned with the necessity of putting their properties in shape and creating a reserve to take care of the inevitable reaction which will set in after the war is over. For that reason they are anxious to see the Board of Referees functioning.

As the Excess Profits Tax now stands little or no financial benefit will accrue to the newsprint companies from the increased earnings. Only the Government will benefit.

This is contrary to the spirit of the Act. When the bill was first passed in the House it was quickly drawn to the attention of the then Minister of Finance, Hon. J. L. Ralston, that its provisions would work particular hardship on certain companies, notably those in the newsprint industry. In his budget of last June, the Minister of Finance made certain changes in the Act, notably provision for the setting up of a board of referees to consider and rule on returns of companies in depressed industries. There is no doubt but that this change was directed at the newsprint and other companies which are not engaged in war work.

### Strangle on Industry

The Excess Profits Tax was designed primarily to bring back to the Government any excess of profits over and above normal income by those companies which would be fully engaged in war work. It was never designed to strangle ordinary industry.

Failure to date of the Government to set up the Board of Referees so that newsprint and other companies can get a ruling on their particular case, is having a very unfavorable reaction. Not knowing where they stand and yet feeling that if any concessions are to be made under the E. P. T. Act then they should be favored, several of the newsprint companies are holding back development plans.

# B.C. Not Worried By Log Exports

From Our Own Correspondent

VANCOUVER.—Although British Columbia exported more than 300 million board feet of logs last year, indirectly depriving sawmills of a considerable volume of business, forest officials and executives in the industry do not take a serious view of the situation.

It is doubtful whether this year's log exports will be as large as those of 1939, partly due to the embargo established by the Timber Control Board during the past summer on the shipment of Douglas fir except to British Empire countries.

Last year the big buyer of logs in British Columbia was the United States, and Australia was a close second. Japan was a poor third. Japan is still importing logs from British Columbia, but mostly of hemlock which would be otherwise unmarketable. Some of this timber comes from Japanese-held forest, crown granted and therefore eligible for export, but most of the logs bought by Japanese are from the larger white companies.

Forest economists see no justification for refusing to export hemlock logs so long as market conditions continue as they are. While the demand for Douglas fir, airplane spruce and some grades of cedar is strong, hemlock is still a laggard and until efforts to promote sales of that species win a greater measure of success the logs will continue to accumulate and be a drag on the general log market. For that reason export of hemlock in logs is regarded as a safety valve not to be despised.

# B.C. Paper Firm Sales Are Up

## Westminster Paper Co. Shows Improved General Financial Position

From Our Own Correspondent

VANCOUVER.—Westminster Paper Co. reports sales volume slightly higher than last year, with earnings satisfactory, although war taxation may offset some of the operating economies introduced.

Retirement of the last installment of the company's funded debt last April with the consequent elimination of fixed charges will be another factor tending to maintain net profits. In the year ended Jan. 31, 1940, it was necessary to provide $6,889 for interest on debentures.

In the year ended Jan. 31, 1940, gross sales were reported at $1,208,506 compared with $1,036,542 in the previous year.

### Growth Steady

Steady expansion in sales and profits has been shown by Westminster Paper Co. during the past 10 years, making it possible gradually to curtail the funded debt. While the original $300,000 debenture issue of 1930 was being gradually reduced, to be redeemed in full 10 years before the due date, about $250,000 was being spent on plant additions and improvements. During the same period working capital position was steadily improved. At Jan. 31, 1940, prior to the calling of the remaining $94,500 in debentures at April 1, working capital was shown at $268,891 against $167,182 one year previously.

When the company was getting on its feet in 1930 with a new plant after the fire which one year before wiped out the original building and machinery, net current and working assets were reported at $77,000. After spending some $250,000 on plant improvements and additions in the 10 years and redeeming the $300,000 debenture issue, Westminster Paper launched upon its debt-free career with working capital more than double the figure of 10 years before.

# More Newsprint Used in U. S.

From Our Own Correspondent

MONTREAL.—Apparent total consumption of newsprint paper by all U. S. publishers recorded a seasonal increase during last September. Compared with September of a year ago, there was a decline.

According to returns compiled by American Newspaper Publishers Association consumption of paper last month was 308,119 tons. This represented an increase of 32,443 tons over August. On the other hand it was a decrease of 846 tons or 0.3% from September last year.

Consumption for the first nine months of this year—2,700,428 tons—was 5.6% higher than in the same period of the preceding year.

# *No Change on Repatriation But Could Alter Fast*

Word from Ottawa indicates that there has been no recent change in the policy of the British and Canadian Governments regarding repatriation of British-held Canadian securities.

At the same time it is intimated that this situation could change very rapidly if circumstances required increased amounts of Canadian exchange for British purchases.

The procedure has been entirely voluntary, with no compulsion used on either side. Only specific instances of large-scale repatriation have been the two Dominion issues which have been redeemed. This involved about $137 millions and was announced some months ago.

The British moved some time ago to issue "vesting orders" taking over holdings of United Kingdom investors in a wide list of United States securities, but so far nothing of this nature has been done where Canada is concerned.

The great bulk of United Kingdom holdings of foreign securities, including those payable in Canadian funds, are now lodged in Montreal, as already reported in The Financial Post. This was apparently done for safekeeping away from the war zone and probably to make it easier to carry out sales whenever these became necessary.

Now if a British investor desires to sell any of his securities which are held in Canada he applies for a permit which is approved by both British and Canadian authorities. Then the F.E.C.B. approves payment of Canadian dollars for the securities.

### Sales Insignificant

The selling ever since the regulations were relaxed last spring has been insignificant as shown by figures on Canada's international trade in securities published each month at Ottawa. It took the first seven months of this year for the balance of purchases by Canadians from the United Kingdom to reach $1 million.

By giving or withholding approval, Canadian authorities control the amount being sold at any time. This avoids any pressure on security markets, a matter of importance in these days of "thin" markets. Apparently this is the only way in which official policy is being exerted.

Actually it is said that investors in the United Kingdom are reluctant to part with their holdings of Canadian securities. They know that they will be unable to buy them back at least until after the war and appear to regard the investment outlook in Canada as relatively favorable. If large-scale repatriation becomes necessary, vesting orders will likely be required.

# *U. S. Advertising Greater in Sept.*

From Our Own Correspondent

MONTREAL. — Advertising in 52 major cities in the United States during the first nine months of 1940, according to Media Records Inc., registered a gain of 2.4% over the like period of 1939 and 3.9% over the corresponding figure in 1938.

The actual advertising linage figures for the January-September period for the past 10 years follows:

U. S. Advertising Linage
(In 52 Major Cities)
January-September

| | |
|---|---|
| 1940 | 913,871,873 |
| 1939 | 892,377,177 |
| 1938 | 879,965,180 |
| 1937 | 1,032,645,435 |
| 1936 | 980,738,358 |
| 1935 | 893,126,541 |
| 1934 | 857,402,870 |
| 1933 | 763,005,408 |
| 1932 | 874,969,745 |
| 1931 | 1,094,828,319 |

# Dominion Alloy Plan Adopted

## Directors Have Authority to Issue Bonds—May Reopen Plant

Preference and common shareholders of Dominion Alloy Steel Corp. have approved proposals of the directors for recapitalizing the company. As a result, the company has authority to borrow up to $2 millions through bonds, and the capital stock is increased by 100,000 additional common shares.

W. R. Sinclair, legal counsel for the company, told shareholders that this would be at least a temporary solution to financial problems.

Sale of machinery has satisfied creditors' claims, with the exception of two in which cases claims have been deferred and debentures to the extent of $21,750 accepted. These debentures are now due, but the company feels payment may be further postponed. It is said that prospects for war business may warrant reopening the plant at Sarnia. The Canadian Tinplate Co.'s action for $140,000 has been settled on what Mr. Sinclair terms advantageous terms to the company.

# Deliver 15,352 Rolls Newsprint to New York

From Our Own Correspondent

MONTREAL.—Newsprint imports received at New York in the week ended Oct. 5 amounted to 15,352 rolls. Of this quantity, Donnacona Paper Co. supplied 1,419 rolls, Quebec North Shore Paper Co., 7,409 rolls; Mersey Paper Co., 6,217 rolls, and Canadian International Paper, 307 rolls.

# C.N.R. Income Off in Sept.

## Series of Monthly Gains Checked by Limited Grain Movement

From Our Own Correspondent

MONTREAL.—Canadian National Railways' net operating revenue for September showed a comparatively sharp falling off from the same month a year ago, due primarily to the limited grain movement in the West.

During the month operating revenues of $21.1 millions showed a decrease of $1.5 million as against a year ago. Operating expenses increased $851,092. The net result was an excess of revenues over expenses of $3.9 millions, or about $2.4 millions less than a year ago.

### Well Ahead To Date

While the September results did not maintain the excellent showing made in previous months, cumulative returns for the nine months show the revenue position well ahead of 1939. Operating revenues were up $36.2 millions and expenses $14.8 millions. The net profit to the end of September of $27.9 millions, was $21.3 millions greater than in the first nine months of 1939.

Comparative figures follow:

| | September 1940<br>$ | September 1939<br>$ |
|---|---|---|
| Oper. revenues | 21,119,220 | 22,645,303 |
| Oper. expenses | 17,191,753 | 16,340,661 |
| Net revenues | 3,927,467 | 6,304,642 |

| | Nine Months Ended September 1940<br>$ | Nine Months Ended September 1939<br>$ |
|---|---|---|
| Oper. revenues | 178,415,991 | 142,245,937 |
| Oper. expenses | 150,447,675 | 135,593,583 |
| Net revenues | 27,968,316 | 6,652,354 |

# U. S. Publishers Supply Of Newsprint Lower

From Our Own Correspondent

MONTREAL.—Based on reports received from 421 publishers, the American Newspaper Publishers Association compilation shows 410,126 tons of newsprint paper on hand at the end of September. This was equivalent to 52 days supply, a decline of seven days from the previous month, but 10 days greater than at the end of September last year.

The monthly trend of publishers' stocks in the United States follows:

| | 1940 Tons | 1940 Days Supply | 1939 Tons | 1939 Days Supply |
|---|---|---|---|---|
| Jan. | 328,536 | 47 | 302,701 | 44 |
| Feb. | 316,367 | 42 | 263,510 | 37 |
| Mar. | 284,955 | 35 | 254,974 | 34 |
| Apr. | 280,999 | 35 | 243,750 | 31 |
| May | 290,518 | 35 | 268,364 | 36 |
| June | 305,002 | 38 | 278,529 | 37 |
| July | 363,288 | 54 | 296,348 | 46 |
| Aug. | 407,424 | 59 | 319,096 | 48 |
| Sept. | 410,126 | 52 | 331,666 | 42 |
| Oct. | | | 335,515 | 40 |
| Nov. | | | 346,406 | 43 |
| Dec. | | | 328,424 | 40 |

# Paper Stocks Held in Check

## North American Newsprint Supply Little Changed at End of September

From Our Own Correspondent

MONTREAL.—Stocks of newsprint paper in North America were kept well in hand during September. Actually mills reported a small decline, while U. S. publishers reported a gain of only 5,000 tons. On balance the supply of newsprint paper increased 3,140 tons to 791,490 tons in September compared with the preceding month.

The North American supply of newsprint at the end of last month was above the average of the past five years; in fact has only once before been exceeded at the end of September. The causes bringing about this increase in stocks have been discussed fully in recent issues of The Financial Post. Briefly put, it may be said to be the outcome of the new conditions created by the war. Consequently an above-average supply has no particular significance at this time.

### Status of Stocks

The situation respecting stocks in North America is shown in the following table:

North American Newsprint Stocks
(Apparent Total)
End of September

| | | | |
|---|---|---|---|
| 1940 | 791,490 | 1938 | 708,248 |
| 1939 | 694,323 | 1937 | 890,648 |
| 1936 | 617,018 | | |

### Publishers' Stocks High

U. S. publishers' stocks have shown a tendency to increase of late and currently amount to 52 days supply. This represents a decrease of seven days supply during past month.

The mill situation continues healthy. Canadian, American and Newfoundland mills have managed to reduce stocks until today they are lower than normally reported at this time of the year.

Taken as a unit the three mill groups report a total supply of 234,337 tons at the end of September, 1940. This is well below the corresponding figure in any of the past five years.

### Mill Stocks Lower

Newsprint mill supplies at the close of September for each of the past five years is set out in the following tables:

North American Mill Stocks
End of September

| | | | |
|---|---|---|---|
| 1940 | 234,337 | 1938 | 271,892 |
| 1939 | 282,559 | 1937 | 313,795 |
| 1936 | 273,162 | | |

Canadian Mill Stocks
End of September

| | | | |
|---|---|---|---|
| 1940 | 158,312 | 1938 | 196,511 |
| 1939 | 200,884 | 1937 | 181,964 |
| 1936 | 172,369 | | |

U. S. Mill Stocks
End of September

| | | | |
|---|---|---|---|
| 1940 | 19,220 | 1938 | 17,966 |
| 1939 | 16,696 | 1937 | 21,473 |
| 1936 | 17,397 | | |

Newfoundland Mill Stocks
End of September

| | | | |
|---|---|---|---|
| 1940 | 56,795 | 1938 | 57,415 |
| 1939 | 64,979 | 1937 | 110,358 |
| 1936 | 83,396 | | |

# Canada Supplies 69% U. S. Newsprint Needs

From Our Own Correspondent

MONTREAL. — Canada supplied 69% of the United States newsprint requirements for the first nine months of 1940, according to figures compiled by the Newsprint Association of Canada. This contrasts with 61% for the like period of 1939.

For the comparative period, the Newfoundland mills supplied 4%, as against 2%; U. S. mills 26% compared with 27%, and European mills 1% as against 10%.

# MUNICIPAL HONOR ROLL

### Five Years of Progress by Local Government

## WATERLOO, ONT.

*Waterloo is the twenty-third in a series of municipalities included in The Financial Post Municipal Honor Roll for 1940.*

*These municipalities are those which are considered to have shown stability over a period of years, or in the recent years have made outstanding progress in improving their financial standing. No attempt is being made to run these in sequence of merit or size.*

"Stability" is the single word superimposed upon the emblem of the Town of Waterloo, Ont. There are few other centres throughout the Dominion with an equal right to the use of it. Stability, hand in hand with a "will to pay," have contributed to an unblemished financial record.

Three factors are important to the well-maintained economy of the town. First, it is an important financial centre, with four banks and the head offices of three life insurance and four fire and casualty insurance companies—an exceptionally large number for a town of less than 9,000 people. There probably is no more stable source of income than is distributed throughout a community by such companies.

Secondly, Waterloo is the distributing centre for a rich and well-established agricultural community. Thirdly, a total of 44 manufacturing plants contribute to the diversity of the economy, and many of them produce "necessity" types of goods.

The town's debt position has been substantially improved during the past five years. Net debenture debt was reduced from $92 to $61 in the period 1936-39. Bank loans also were cut in each year, from $76,275 in 1935 to $20,059 at the end of last year. Since 1935, only $9,500 of debentures have been issued, and these sold at a cost to the municipality of only 3% —lower than even the Dominion Government has financed.

Assessment has been increasing steadily in recent years, helping materially to reduce the rate of taxation. Per capita tax levy declined from 30.29 to 27.37 in the period 1935-39. Increased assessment has been due principally to new building.

An outstanding feature is the fact that relief has never cost the town anything. Such expenditures have been paid from funds collected by private subscription.

### Statistical Picture

| | 1939 | 1938 | 1937 | 1936 | 1935 |
|---|---|---|---|---|---|
| Population | 8,623 | 8,537 | 8,425 | 8,268 | 8,310 |
| Assessment taxable (in $000) | 6,315 | 6,154 | 5,907 | 6,287 | 6,186 |
| Assessment per capita | 732 | 720 | 701 | 760 | 744 |
| Tax rate (mills) | 36½ | 39 | 42 | 40 | 40 |
| Tax collections: | | | | | |
| Current collections to curr. levy % | 92.4 | 92.6 | 90.6 | 88.9 | 89.7 |
| Current and arrears to curr. levy % | 100.1 | 99.1 | 102.3 | 98.1 | 100.2 |
| Gross debenture debt $ | 526.004 | 596,855 | 658,970 | 716,987 | 780,156 |
| Less: Sinking fund | nil | 16,000 | 16,000 | 16,000 | 16,000 |
| Net debenture debt | 526.004 | 580,855 | 642,970 | 700,987 | 764,156 |
| Net deb. debt per capita | 61.00 | 68.39 | 76.31 | 84.80 | 91.95 |
| Bank loans | 20,059 | 25,465 | 46,817 | 69,550 | 76,275 |
| Relief expenditures funded | nil | nil | nil | nil | nil |
| Relief met out of curr. rev. | nil | nil | nil | nil | nil |

Last Debentures Sold

Since 1935 has sold only $9,500 of debentures; issued at par with coupon rate of 3%.

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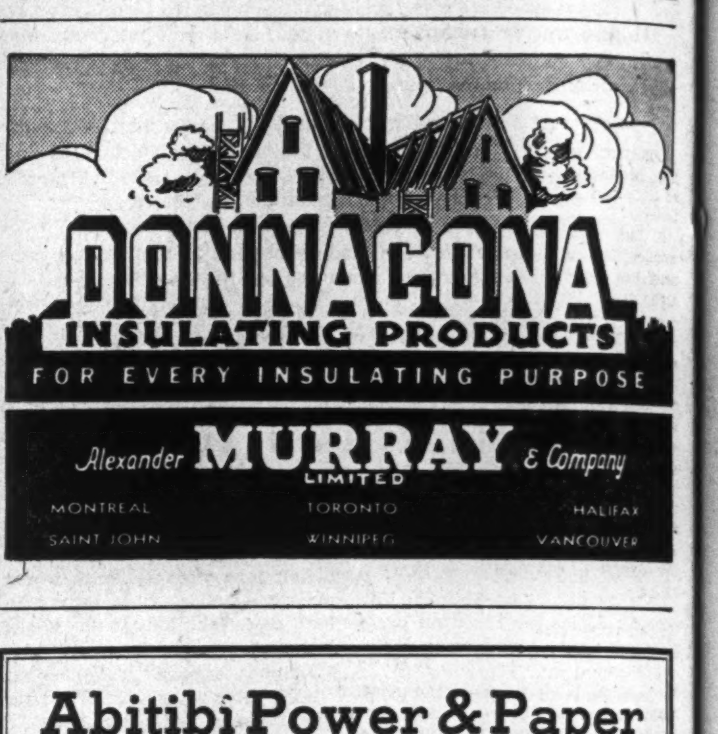

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LIMITED
MONTREAL TORONTO HALIFAX
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Abitibi Power & Paper Company, Limited
TORONTO, ONT.

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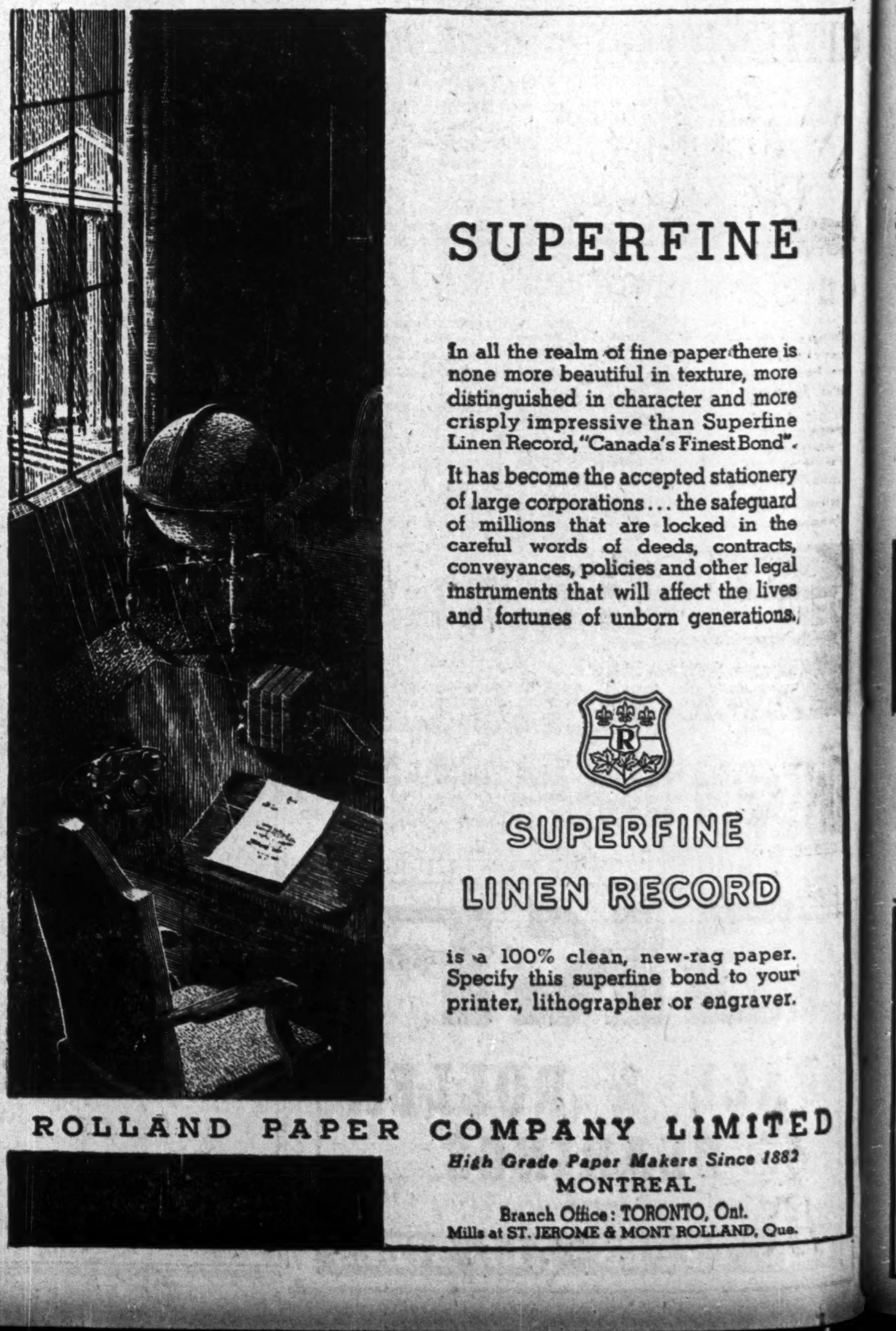
Pine Falls, Man. Smooth Rock Falls, Ont.
Sault Ste. Marie, Ont. Fort William, Ont.
Port Arthur, Ont.

Newsprint
Groundwood Pulp News Sulphite Pulp
High Grade Bleached Sulphite Pulp



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# Your Investments

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### Burns & Co.

Has Burns & Co. bonds outstanding which are payable in U. S. funds? If so, will you advise if they are paying in Canadian funds only; whether or not they are adding the exchange premium; and whether or not they have absorbed the 5% Dominion tax?

Burns & Co. is only obliged to pay its bond interest in Canadian funds, we are informed. As a matter of convenience for bondholders, this company has been making available an equivalent amount of U. S. dollars where such is requested. Interest is payable at the agency of the Royal Bank of Canada in New York.

When the reciprocal tax convention of 1936 was adopted by the United States and Canada, it contained a clause which made any undertaking on the part of a borrower to absorb a tax collectible on interest payments null and void. This actually has the effect of requiring that anyone cashing bond coupons should have a 5% tax deducted from the amount paid when the payment is in funds at a premium of more than 5% in terms of Canadian dollars.

### Dominion Woollens

Please send me the latest information concerning Dominion Woollens.

Dominion Woollens & Worsteds, Ltd., produces woollens and worsted cloth and yarn at three plants in Ontario.

In line with the balance of the woollen textile industry, this company has enjoyed an exceptionally high level of business during the current year. Results for the 12 months probably will show a substantial increase in net profits over the $113,935 reported in 1939. The company's earnings have been somewhat unstable during the past 10 years and showed heavy losses in six of these years and small losses in one of them. The showing made in 1939 was the second best on record since the present company was organized in 1928. It is quite likely that the company will seek a special ruling on its Excess Profits Tax.

In recent months around 50% of the company's cloth output has been for government needs.

It is true also that improvement has been shown this year in civilian business. It will probably be the company's objective to encourage civilian business as much as possible in order that loss of war business will not too seriously disrupt its operations.

An important factor in improving the company's position in recent years has been the consolidation of two of its plants. This has resulted in economies which are now being shown in the company's figures.

Also, advantage is being taken of higher profits to reduce fixed charges by purchase of the company's own bonds. Last year bonds with par value of $132,350 were purchased at a cost of $92,258, leaving $926,150 outstanding at the end of the year.

There would appear to be little prospect of dividends on either the preferred or common stock in the near future. A deficit of $69,677 is still carried on the balance sheet, while actual cash position is not strong. The company has a reasonable working capital, provided primarily by inventories, raw materials in transit and accounts and bills receivable. A secured bank loan of $423,163 is a heavy charge on the current liabilities side. Bond interest was earned by a comfortable margin—almost six times last year.

### Tip Top Tailors

What record has Tip Top Tailors established for earnings over a period of years? What kind of business does it operate? How is it likely to fare in post-war adjustments?

Tip Top Tailors Ltd. is the largest company in its field in Canada. It operates a large clothing factory in Toronto and distributes suits through more than 50 of its own retail stores, scattered throughout Canada. A subsidiary company operates in the United States.

Tip Top is in a position to handle a large civilian business, and is the major unit in the manufacture of uniforms for the Canadian armed services. Its present production is about 2,000 battle dress uniforms and 450 air tunics per week. There is no immediate prospect of any let-up in this business, while civilian business also is understood to be holding up well.

The Financial Post has been advised officially sales and profits for the company in the first eight months of 1940 showed a substantial improvement over the corresponding period of 1939. Net profit of $253,004 last year was substantially improved over 1938, and was the second best figure since 1929.

The company has demonstrated a strong earning power, even without military business. Even with the end of the war, prospects are good it can hold earnings at a reasonable level.

The company is in fair shape to withstand possible post-war adjustments, with a working capital of $1.4 millon at the end of last year. Earned surplus of $799,247, while somewhat lower than the average for the previous six years, is still substantial. The current high rate of operations should further improve cash position, which stood at $82,110 at the end of last year, and also help to retire bank advances which stood at $235,193 at Dec. 31, last.

### Canadian Wirebound

Can you give me an outline of the stock outstanding and dividend record of Canadian Wirebound Boxes? What happened in connection with the combine charge recently laid against the company?

Canadian Wirebound Boxes has two classes of stock outstanding. The class A is entitled to $1.50 a share annual cumulative dividend, and, in addition, participates equally with the class B share for share in any distribution in excess of $1 a share on the class B. No dividends have been paid on the class B since 1930. At present, the company is paying $1.50 a share on the class A, and arrears were $2.25 a share at July 3, 1940. This company was convicted, along with a number of others, of being guilty of combine charges recently and fined $10,000. An appeal has been entered and permission granted to postpone payment of the fine until the appeal is settled. It is understood the company has been quite active this year. Demand for its products is directly tied in with the volume of goods moving to markets.

### International Pete

I am considering the purchase of International Petroleum stock with a view to investment and appreciation possibilities. What do you think of the company's prospects, and what is its record of earnings?

International Petroleum Co., a subsidiary of Imperial Oil, is an important producer of crude oil. It controls its own producing fields in Peru and Colombia and since 1937 has been taking additional crude oil under contract from Venezuela. A part of the production is refined in Peru and Colombia for sale in South American countries and the balance exported to other parts of South and Central America, Canada and Europe. Last year 23.1% of production was marketed in Canada.

Prior to the war 25% of its output was sold in Europe and a little over half in Central and South America and the West Indies with most of the balance coming to Canada. The war has meant the loss of practically all its European markets, although sales are still being made to Great Britain. Early this year when Germany overran practically all of Europe it materially changed the outlook for this company.

From the operating standpoint, development at the company's properties has been quite favorable over the past year or two. Reserves of petroleum in Colombia are considerably in excess of the marketing facilities, while in Peru important success has been reported in adding to existing reserves. The company's takings from Venezuela have been increasing but the change in the European conditions early this year disrupted markets for that country's crude oil production.

So far the war has not meant any particular change in prices of crude oil, although it appears to have halted the declining tendency so noticeable in the years immediately preceding the war.

The company does not issue interim earnings statements and since the outbreak of war figures on production of crude oil have not been available. Last year International Petroleum earned $1.19 a share. Dividends are now being paid at the regular rate of $1.50 a share, but the former extras paid for a long period have been omitted.

There does not seem to be any immediate prospect of increased dividends for this company.

Working capital is large, although considerably reduced since the adoption of the policy of paying out more in dividends than was earned which prevailed for a number of years. Yield on the prevailing price and at the regular dividend rate is about 9% and discounts a considerable amount of risk.

### C. P. R.

According to reports, earnings of the Canadian Pacific Railway are almost in line with 1929, yet the common stock is selling for less than $4 a share. Why should this be?

While it is true that gross earnings of the Canadian Pacific Railway for the current year are running considerably higher than in recent years, net earnings available on the common stock are not likely to run anywhere near as high as in the predepression period. This is due to several factors, but notably increased fixed charges. For example, in 1928 the company's fixed charges amounted to $15.3 millions, whereas in 1939 they amounted to $25.5 millions. These higher charges alone are equivalent to about 75 cents a share on the capital stock.

### Winnipeg Electric

I understand Winnipeg Electric has bonds outstanding which are payable in U. S. funds. Will you advise if they are paying in Canadian funds only; whether or not they are adding the exchange premium?

Winnipeg Electric Co. has a 3½% first mortgage bond issue which is payable in lawful money of Canada only. It also has an issue of general mortgage bonds on which interest is payable in a somewhat different way.

On the series A general mortgage bonds or debenture stocks, interest is payable in Canadian funds only. Although obligated to pay in Canadian funds only, the company will convert the amount set aside for interest into sterling or U. S. dollars at rate of exchange prevailing 15 days prior to the date of payment. Thus, if the holder requests payment in American funds, he would be paid as many U. S. dollars as would be purchased by the amount of Canadian funds due at the time of payment.

### Dominion-Scottish

Can you tell me something about Dominion-Scottish Investment? Is the preferred stock still in arrears of dividends and when can common payments be expected?

Dominion-Scottish Investments Ltd. is an investment trust with a better than average record for this type of security. On the preferred stock, arrears of $5.92½ a share still remain although the company has been paying substantial sums in recent years. No dividends can be paid on the common until the preferred arrears are eliminated.

This concern holds a wide list of securities, chiefly those of Canadian and United States companies. Income is distributed among shareholders of Dominion-Scottish. Current trend of dividend payments in Canada seems to be upward which will probably be reflected in higher income for this trust.

### United Fuel

I am interested in the preferred stock of United Fuel Investments and would like an outline of the position of these shares. Has the company been making more money lately?

United Fuel Investments Ltd. distributes natural and artificial gas in Hamilton and surrounding districts. It is jointly controlled by Union Gas Co. of Canada and the Dominion Natural Gas Co. A reorganization late in 1938 resulted in a number of capital changes and apparently has had the effect of lessening competition in the territory served.

The three months ended June 30, 1940, resulted in net earnings, after all charges except income and "excess" profits taxes, of $131,635, compared with $33,914 in the corresponding period of 1939. Major portion of the increase is attributed to a higher volume and better prices experienced from the sale of coke. Increased volume was shown in sales of gas for industrial use while average selling price was higher. There was a further increase in number of meters connected.

The class A preferred stock carries a $3 a share dividend which has been paid since present stock was issued. No dividends have been paid on the class B as yet. High rate of activity in Hamilton district since the outbreak of the war should permit this company to show a considerably higher scale of operations this year which will probably be favorably reflected in earnings.

# Canadian Car Claim to Fore

## U. S. Superior Court to Decide on $5.8 Millions Kingsland Award

From Our Own Correspondent

MONTREAL.—Final settlement of the claim of the agency of Canadian Car and Foundry Co. for damages to its Kingsland, N.J. munitions plant because of alleged sabotage by German agents during the last war, is in prospect as the U. S. Supreme Court has agreed to decide the legality of final awards of the German-American Mixed Claims Commission.

In Oct., 1930, the commission found that Germany was not responsible for destruction of the plant. In 1933, however, the commission ruled that Germany was responsible.

The present case arises over award of damages from certain German funds which were taken over by U. S. Government as security for damage awards against German Government. If second decision of the Mixed Claims Commission on the Kingsland explosion is held invalid, German funds held in the States will be distributed among those having received awards against Germany in other cases.

### Wanted to Have Priority

Z. and F. Asset Realization Corp. and American-Hawaiian Steamship Co., which are beneficiaries under prior awards by the Mixed Claims Commission, have asked the Supreme Court to rule that the 1930 decision of the commission on the Black Tom case is final and that the second decision on the Black Tom case is void.

By unanimous opinion the United States Court of Appeals for the District of Columbia, early last June refused to upset the $50 millions award of the commission.

### Several Millions Involved

Out of an original claim of $6 millions, Agency of Canadian Car and Foundry Co. Ltd. of New York (subsidiary of Canadian Car and Foundry Co.) was awarded $5,871,105 and accrued interest at 5% per annum from Jan. 31, 1917, to date of payment. Canadian Car and Foundry Co. has filed this award with the U. S. Treasury for payment. It is understood that the Agency company has been informed that there are sufficient funds on hand to pay at least the principal amount of the award.

With the announcement that the Supreme Court of the U. S. has agreed to decide legality of the final award through the Mixed Claims Commission, it would appear that the matter, which has dragged through the courts for over 20 years, may be settled in the very near future.

# Drummondville Cotton Expands

From Our Own Correspondent

MONTREAL. — Drummondville Cotton Co. Ltd., subsidiary of Dominion Textile Co., is expanding its plant at a cost of around $500,000.

Included in the programme is the installation of steam tarring equipment for the production of fishing lines for commercial purposes; erection of a new building for the exclusive manufacture of net twine; as well as other improvements to the main plant, such as new cotton yarn manufacturing equipment and duck looms.

Other improvements made this year include the installation of an air-conditioning unit which went into operation at the end of June.

The company has been producing netting and twine since 1937 and the increased demand for these products has necessitated expansion of plant.

# Monterey Power Co. Faces Labor Dispute

From Our Own Correspondent

MONTREAL.—Failure of union representatives and officials of the Monterey Power Co., subsidiary of the Canadian-owned International Power Co., to reach an agreement of the terms of the new wage contract, has resulted in the calling of a strike. Operations of the company centre in Mexico City.

# *Alleged Combine Case to Come Up*

From Our Own Correspondent

EDMONTON.—Alberta's Deputy Attorney-General Henwood announces that charges against Imperial Tobacco, et al, will be brought to trial "as soon as possible."

His statement added that inasmuch as charges grew out of a report by F. A. McGregor, Combines Investigation Act Commissioner, and that the alleged conspiracy is Dominion-wide Minister of Justice Lapointe has retained J. C. McRuer, K.C., of Toronto to assist with the prosecution. No dates for the action announced yet.

# Shawinigan Net Near 1939 Level

## Heavy Gain in Taxes and U. S. Premium Offset Larger Revenue

From Our Own Correspondent

MONTREAL.—Shawinigan Water and Power Co.'s revenues continue to expand, but the sharp increase in taxes, premium on U. S. funds and higher reserve for depreciation have resulted in a minor decline in net profits.

During the quarter ended Sept. 30, gross amounted to $4,085,058 as against $3,674,722. In that period ordinary taxes increased from $164,610 to $276,088 while income taxes advanced from $104,526 to $206,350. In addition, there was charge for foreign exchange of $69,620, while the depreciation reserve was increased $50,000. The result was that net profit for the quarter amounted to $490,061, as against $570,288 for the like period a year ago.

A similar situation is seen in the cumulative statement for the nine months ended Sept. 30. Gross revenue at $12,150,710 compared with $10,918,537 for the same period in 1939. Net profit of $1,623,784 was equivalent to 74 cents a share on the common stock, as against 77 cents a share for the first nine months of 1939. Failure to carry all or part of the increased gross revenue through to net profit was due to a substantial increase in taxes, foreign exchange premium and depreciation.

Comparative figures of the revenue and expense statements follow:

**Revenue and Expense Statement**
**Three Months Ended Sept. 30**

| | 1940 | 1939 |
|---|---|---|
| | $ | $ |
| Gross revenue | 4,085,058 | 3,674,722 |
| Less: Gen. exp., etc. | 926,057 | 867,065 |
| Power purch. | 575,352 | 436,483 |
| Water rentals | 126,953 | 122,580 |
| Taxes | 276,088 | 164,610 |
| Net revenue | 2,180,408 | 1,983,984 |
| Less: Fixed charges | 964,377 | 921,169 |
| Exchange | 69,620 | ...... |
| Depreciation | 450,000 | 400,000 |
| Income taxes | 206,350 | 104,526 |
| Net profit | 490,061 | 570,288 |

**Nine Months Ended Sept. 30**

| | 1940 | 1939 |
|---|---|---|
| | $ | $ |
| Gross revenue | 12,150,710 | 10,918,937 |
| Less: Gen. exp., etc. | 2,652,878 | 2,513,118 |
| Power purch. | 1,533,467 | 1,298,441 |
| Water rentals | 362,224 | 362,399 |
| Taxes | 823,237 | 766,976 |
| Net revenue | 6,778,904 | 5,978,003 |
| Less: Fixed charges | 2,893,129 | 2,797,173 |
| Exchange | 201,069 | ...... |
| Depreciation | 1,350,000 | 1,200,000 |
| Income taxes | 710,922 | 303,472 |
| Net profit | 1,623,784 | 1,677,358 |

# Economy Car Models Offered by Ford

A special line of passenger car models, basically similar to the regular 1941 lines but priced lower to fit wartime budgets, has been introduced by Ford Motor Co. of Canada.

Despite the general rise in auto prices this year because of higher taxes and production costs, the Ford special series is priced at factory only $30 above last year's standard line for the coupe and two-door sedan, $26 on the sedan. The low-priced models retain all the mechanical features and basic equipment of regular 1941 models, including the 85-h.p. engine.

As they are designed primarily as economy transportation units, certain luxury features are eliminated. They are intended to meet the needs of fleet owners, salesmen and others for low-cost transportation.

# Beauharnois Plan Moves

## Operating Company Splits Shares Prior to Exchange of Stock

From Our Own Correspondent

MONTREAL. — Initial steps have been taken which will lead to the eventual absorption of Beauharnois Power Corp. by Beauharnois Light, Heat and Power Co.

Beauharnois L. H. & P. Co. has been issued supplementary letters patent to convert the presently outstanding 40,000 common shares of the par value of $100 each into 715,779 shares of no par value but having the same book value as the present issue.

All of this stock is owned by Beauharnois Power Corp. It is the intention of the power company, as set out in the reorganization plan of 1938, to distribute the operating company's stock to its shareholders in the ratio of 2 shares of Beauharnois Power common for one share of Beauharnois L. H. & P. Co.

### Issue All Stock

Beauharnois Power has outstanding 1,431,559 shares so that on the one for two distribution, all of the new stock of Beauharnois L. H. & P. Co., will be issued.

Montreal Power now controls a majority of Beauharnois Power shares; the amount of stock in the hands of the public is relatively small.

The exchange of shares, as indicated in The Financial Post last month, will be carried out before the end of the year.

When that is done Beauharnois Power Corp. will be wound up.

# Many Firms Share In War Orders

## Week of Oct. 4 Sees Contracts Awarded Total $9.5 Millions

Among the $9.5 millions of war orders announced by the Department of Munitions and Supply for the week ended Oct. 4 were the following which went to companies in which there is public investment interest.

| | $ |
|---|---|
| **Foodstuffs:** | |
| Canada Packers | 49,667 |
| **Clothing:** | |
| Dominion Rubber | 34,891 |
| Woods Manufacturing | 122,250 |
| Robert Simpson Co. | 10,875 |
| Mercury Mills | 6,488 |
| Penmans Ltd. | 24,192 |
| **Personal equipment:** | |
| Aluminum Co. of Canada | 21,995 |
| Dominion Rubber | 18,730 |
| B. F. Goodrich Rubber | 18,730 |
| **Shipbuilding:** | |
| Imperial Oil | 12,210 |
| **Land transport:** | |
| Dominion Rubber | 6,703 |
| **Aircraft:** | |
| Canadian Car & Foundry | 632,205 |
| Noorduyn Aviation | 18,044 |
| Canada Wire & Cable | 9,545 |
| Canadian Marconi | 6,824 |
| Canadian General Electric | 7,348 |
| **Gasoline, oil & fuel:** | |
| Imperial Oil | 10,155 |
| **Machinery:** | |
| Canadian Fairbanks-Morse | 133,321 |
| Canada Machinery | 7,245 |
| Ford Motor Co. of Canada | 250,000 |
| **Lumber & building supplies:** | |
| Standard Clay Products | 15,550 |
| Fraser Companies | 11,229 |
| Price Bros. | 20,884 |
| Canadian International Paper | 23,085 |
| Woods Manufacturing | 100,170 |
| **Ordnance:** | |
| Ford Motor Co. of Canada | 12,061 |
| **Munitions:** | |
| General Steel Wares | 17,440 |
| **Unclassified:** | |
| General Steel Wares | 61,500 |

CITIES RISE

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DEPOSITS ACCEPTED 5-YEAR DEBENTURES ISSUED
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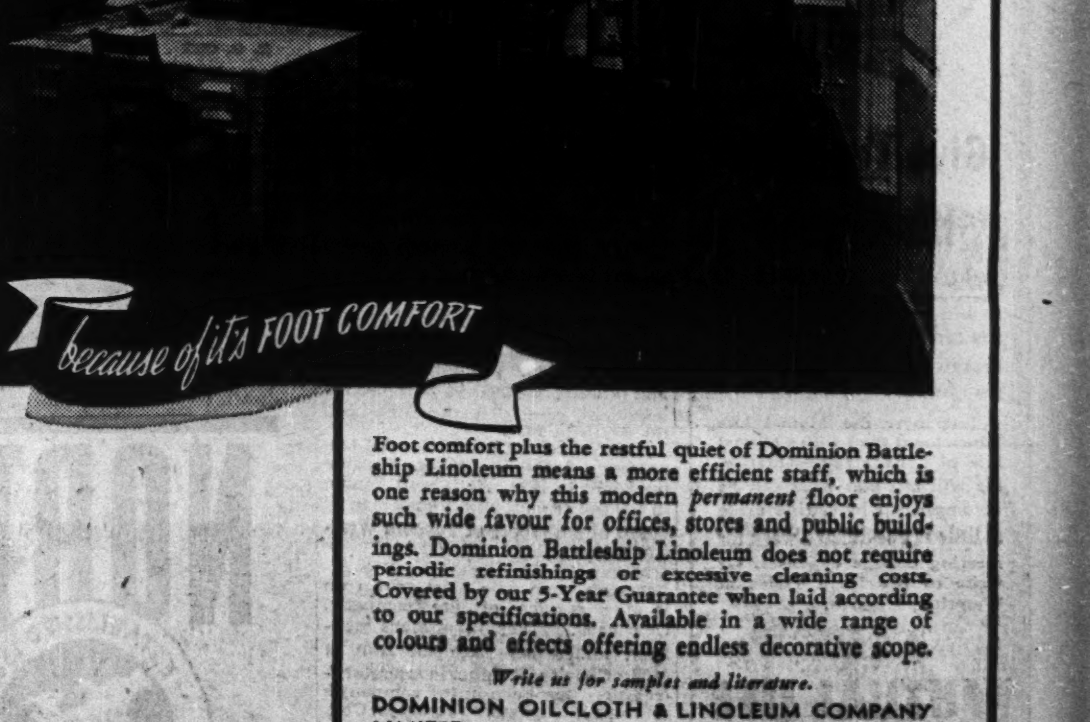

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**Life Insurance**

# To Check Soldiers' Lapse Ratio

## Life Companies Take Measures to Protect Enlisted Men's Interests Under Pay Deduction Plan

To protect better the interests of enlisted men Canadian life insurance companies, it is understood, are revising company practice affecting the sale of insurance to soldiers, sailors and air men on a monthly pay deduction plan.

This plan was authorized by the Dominion Government, in the beginning, it is believed, to make it easier for men in the different services to pay for insurance they held prior to enlistment. The purchase of new insurance, it is felt, was a secondary consideration. Once, however, the plan was in force a considerable volume of new insurance was sold this way.

With payment of the premiums appearing an easy matter many soldiers bought more insurance than they could pay for. Some of them it appears bought policies without realizing they carried a war clause or what it contained.

### Must Wait Three Years

Others did not understand there was no cash surrender value for three years.

When they did find out there was a great deal of dissatisfaction both among the men themselves and among their families.

In some cases applications have been rejected by the companies because investigation showed a man's general standing in the community to be bad.

Many companies accordingly are now instructing their agents to make sales only when the soldier understands fully the significance of the war clauses and appears able to pay for his insurance in addition to carrying other responsibilities.

The pay deduction plan of buying insurance is not new in Canadian insurance practice. It is used frequently in group insurance contracts and in cases where a number of employees of one firm have insurance with the same insurance company. The advantage is the same as that which applies to the soldier that small amounts deducted each week or month are not likely to be missed the way a larger sum would be.

Where the difficulty arose as regards the soldiers was that some of them, especially those who had been unemployed for some time did not realize that they could only afford a certain amount of insurance. Others again did not at the time of buying, realize that if they went overseas and died there, as a result of war service or within six months after returning to Canada, their beneficiaries would receive only a return of the premium paid in plus interest at 3%. In either case realization of the actual situation caused dissatisfaction. The soldier who found himself burdened with deductions for insurance premiums after assigning a certain part of his pay, was annoyed. So too was the man and possibly his wife who, after the policy was taken out found that they were paying for insurance which did not carry a death benefit, if the soldier went overseas, unless an extra premium was paid.

### Heavy Lapse Ratio

Owing to these circumstances it is stated a very heavy lapse ratio has been experienced. This, of course, is unsatisfactory to the policyholder, his family and the insurance company. The soldier who pays a few premiums and then lets his insurance lapse loses the premiums he pays in. The company after paying the first year's commission to the agent, and the other expenses, in most cases when the business is allowed to lapse, has little if anything left.

Another difficulty, it is reported, has been met with in the attitude of some army paymasters who it is said are much annoyed at having to deduct the monthly premium from the men's pay.

In order to check the indiscriminate sale of insurance whether the soldier can pay for it or not and to check the lapse ratio, a number of companies are issuing strict orders to their representatives to take all precautions to protect both the man and the company.

Company practice to prevent any misunderstanding varies.

Some companies are requiring their representatives to certify that the man has had explained to him the working of the whole plan, and the existence of the war clauses in the contract.

In some cases the company representative is instructed not to accept an application unless the buyer is paraded before the paymaster, who ascertains that the man knows just what he is buying—the restrictions of the war clause and all.

### Has Special Form

At least one company has prepared a printed form which the applicant must sign. On this form a number of questions are asked such as:

Do you understand the policy applied for contains a war and aeronautics clause?

Do you understand the chief purpose of the policy is to enable you to have life insurance at the end of your war service as provided in the war clause?

Do you understand that there is no provision for cash value or paid up insurance until premiums have been paid for three years and that the amount obtainable as cash value represents only part of the total premiums paid in.

Other questions along the same line are asked and the complete questionnaire must be signed by the applicant in the presence of a witness and certified to by the agent.

Another restriction being put into force by some of the companies is that enlisted men are not to be actively canvassed. This does not debar applications being received from men who understand the war clauses and the terms of the policy contract.

If these regulations are carried out, it is hoped all cause for dissatisfaction will be removed.

It is believed few enlisted men can afford to pay the extra premiums required to keep their insurance in force. Accordingly emphasis is laid on the point that insurance bought now by enlisted men should be regarded either purely as savings or as an option on insurance after the war.

# Stresses Value Of Field Men

## E. E. Reid Makes Plea for Consideration of Life Insurance Problems

Importance of the agency staff of a life insurance company was stressed by E. E. Reid, managing director of the London Life Insurance Co. in his presidential address at the opening of the Life Insurance Institute of Canada in Toronto.

The problems of this department, dealing as it does with the human element, he said, are more elusive and there is less aid for their solution than in any other department.

"It is therefore the most difficult phase of the life insurance business and the one which has received the least scientific attention," he declared.

While educational institutions give training useful in other branches of the business, he added, "so far as I know there is no academic institution giving courses in life insurance salesmanship and agency management. Yet to the agency department goes much of the responsibility for the progress of the company and this department governs the controllable expenditures to a greater extent than any other. In all questions relating to the selection, training, compensation and management of an agency organization there is, therefore, unlimited room for investigation.

### Relations With Field Force

Mr. Reid emphasized the importance of proper relations with members of the field force. The tone of correspondence between the head office and the branch office will have much to do with the cordiality of relations and effectiveness.

"Good salesmen," he added, "are temperamental and sensitive and every member of the staff ought to know that, and deal with them accordingly. It is desperately hard and expensive work to build up a good field staff and infinite care must be taken by all to calm rather than to irritate, to conciliate rather than to fight, to show a desire to serve rather than to demand performance in some specified manner."

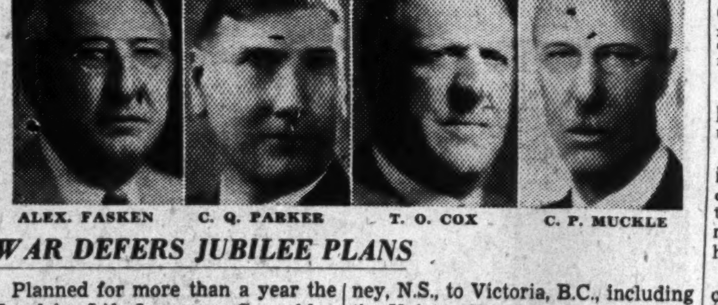
He also urged the importance of a senior officer being willing to take advice from a junior in the office.

### Present Day Problems

Three important factors facing the life companies today he noted as:

1. Low returns on investments which may force companies to adopt more conservative rates in dividend scales and settlement options.
2. Uncertainty regarding mortality. In the last war the influenza epidemic was a more important consideration than war casualties.
3. Expenses, which due to the generosity of the companies to members of their staffs on active service will tend to increase for the time being.

It may be necessary to eliminate some of the so-called service features of the business, and thus cut down the amount of work carried on at head office, he said. Some members of the company staffs therefore may have to take over types of work to which they have not been accustomed.



ALEX. FASKEN C. Q. PARKER T. O. COX C. P. MUCKLE

## WAR DEFERS JUBILEE PLANS

Planned for more than a year the Excelsior Life Insurance Co. golden jubilee celebration has been cancelled, because of the war.

October 15, 1890, the Excelsior Life opened for business, and in the ensuing half century its assets have grown to $22,650,000 and its insurance in force now exceeds $115,000,000.

First president was E. F. Clarke, then Mayor of Toronto. In 1900, David Fasken, prominent lawyer and mining executive, was elected president, remaining in office until his death in 1929.

Alex. Fasken, brother and law partner of David Fasken, became president in 1930. He is well known in mining circles, and is chairman of board of governors of Toronto Western Hospital.

Most of the present executive officers are men who have grown up in the service of the company. Charles Q. Parker, investment manager, joined the Excelsior Life in 1896. Charles P. Muckle secretary-treasurer, has been in the company's service for 30 years. Thomas O. Cox, manager of agencies, had been associated with Messrs. David and Alex. Fasken since 1912, and in 1925 joined the Excelsior Life.

During the past half century the Excelsior Life has concentrated its attention upon Canadian insurance buyers, and has established an active agency organization from Sydney, N.S., to Victoria, B.C., including the Yukon. It has become noted for its strength in relationship to its liabilities under the government standard.

Insurance in force at the end of each decade is as follows:

| At December 31 | |
|---|---|
| 1899 | $ 3,656,913 |
| 1909 | 13,077,884 |
| 1919 | 33,735,247 |
| 1929 | 92,859,104 |
| 1939 | 113,126,477 |

# National Life Wins Honors

## Tops U. S. Companies in Advertising Competition at Washington Convention

At the eighth annual convention of the Life Advertisers Association in Washington the National Life Assurance Co. of Canada won top honors in its group, competing with 34 U. S. companies.

The competition was based on the most outstanding advertising material of each company participating for the current year. It included all types of printed matter, publication advertising and promotional material.

The National Life entered five classifications in its group, which includes companies having less than $75 millions insurance in force. It won first prizes for annual statements and publications to policyholders, and second prize in newspaper advertising. It won a silver shield for the largest number of points in its group. D. M. Tudhope is the company's advertising manager.

Canadian companies winning awards in the various groups were as follows:

**Group A—Companies with less than $75 millions insurance in force:**

**National Life of Canada**—Newspaper advertising, second prize; publications to policyholders, first; annual statements, first.

**Group B — Companies with $75 - $150 millions in force:**

**Excelsior Life** — Magazine advertising, second; sales promotion, third; direct mail, second; newspaper advertising, third.

**Group C—Companies with $150-$400 millions in force:**

**Dominion Life**—Newspaper advertising, first; direct mail, second.

**Imperial Life**—Newspaper advertising, third; publications to policyholders, first; annual statements, second.

**Confederation Life**—Other printed material, third.

**Group D — Companies with over $400 millions in force:**

**Great-West Life** — Newspaper advertising, first.

**Manufacturers Life**—Newspaper advertising, second.

**London Life** — Publications to policyholders, first.

# Personality Hints Gi--en Life Men

## Secord Gives Underwriters Nine Points to Cultivate

At the opening meeting of the Life Insurance Institute of Canada Ltd. in Toronto, Arthur Secord, professor of public speaking at Ann Arbor University, listed nine factors instrumental in developing an attractive personality as follows:

Good Health—to have good health, he stated, it was necessary to plan one's work to allow sufficient time for recreation.

Knowledge—It was impossible, he claimed, for anybody to have too much knowledge of general affairs, of himself and of his job. This was especially important, he believed, in selling life insurance.

Confidence in oneself, in his company, in his business superiors and inferiors. Insurance executives, Mr. Secord maintained, should not hire an employee unless they had confidence in him. Once they hired him they should trust him.

Courtesy — Discourtesy, in Mr. Secord's opinion, springs from ignorance, lack of self control or a feeling of inferiority.

Tact—This he described as the ability "to let other people have your way." The tactful man, he said, was the one who could differ from another with a smile and make him like it.

Cheerfulness.

Adaptability—The individual, he claimed, should always adapt himself to the group. The customer should always receive consideration.

Ability to make and hold friends. Friendship, he stated, was still a key element in business.

Appreciation of dual service. Service to be real must be of value not only to the person serving but to the person or corporation served.

# *Agent's Duties in Wartime Stressed by Fire Marshal*

Every dollar of fire loss is a dollar lost to the war effort, W. J. Scott, Ontario Fire Marshal, told the annual meeting of Ontario Fire and Casualty Insurance Agents in Toronto.

He stated that as an example the price of 800 Spitfire airplanes went up in smoke in Canada every year.

Of special importance, he added, is the fact that every industrial or commercial fire might cause a bottleneck in the production of war materials that would do incalculable harm to the Empire's cause.

Fire prevention in wartime, he continued, was a special responsibility of three general groups: the governments, fire departments and the insurance world.

Responsibilities of the fire insurance agent he summarized as follows:

To inspect strictly all properties he may be insuring. The agent's expert knowledge may well result in better building practice and the remedying of many fire hazards. "This matter of agency inspection may be vital," he said.

To give advice on plans for new buildings which may be helpful in reducing fire hazards by using proper methods and materials in construction.

To familiarize himself with the regulations and bulletins of the Fire Marshal's Department affecting industry so that he can help industrialists to reduce the fire hazard.

To familiarize himself with the defense of Canada regulations affecting fire insurance inspectors and carry them out carefully. These regulations require all inspectors to be registered with the Royal Canadian Mounted Police and to send out of the country no report on any property without first submitting it to the R.C.M.P. Commissioner for approval.

To make sure that his clients have adequate insurance of the proper type for all property so as to ensure that war production is not hampered by uninsured losses that might delay or prevent rebuilding or the resumption of operations.

**Fire Insurance**

# Use, Occupancy Policy Gives Vital Protection

## Lost Rents, Profits, etc., May Be Even More Serious Than Fire Losses — Expenses Don't Cease Though Output May

With Canadian business and industry running at a steadily accelerating pace due to war, possibility of loss through interruption of operations in event of fire becomes greater.

Factories are operating on heavier schedules, retail and wholesale merchants are busier, houses and apartments in many parts of the country are fully rented. Many people think that if fire comes, destruction of the buildings and their contents is the only thing to be feared. They may find later, however, that it is only the first loss.

The ordinary fire insurance policy will compensate for damage done factory building and machinery, store, apartment block, or theatre. It will pay for its replacement in due course. The same thing happens as regards raw materials, goods in process of manufacture and finished stock in store.

But what about the profits expected from manufacturing? Rentals or entertainments given? The plant, machinery, raw materials and finished products and buildings are not an end in themselves. The manufacturer, for example, expects the finished products to be sold at a price to pay all expenses and yield a profit. Profit is the motivating element in the whole enterprise. If the plant is out of business through fire for any length of time the loss of profit is bound to be substantial.

### Expenses Continue

But that is not all. Many of his expenses continue. Taxes, for instance, have to be paid. At least key men must be retained or they will go elsewhere and form connections which may be permanent.

Contact must be maintained with customers so that they will be ready to deal with the firm again when it is able to fill orders. Advertising schedules must be maintained also to keep the public conversant with his products. The capital used to restore his plant brings in no interest during the period of restoration.

Under war conditions some of these causes of loss are likely to be increased.

Take, for instance, the plant making munitions in which machine tools are an important part of the equipment. A fire comes along and wrecks one or more of the machines essential to production. It may mean a tie-up in operations that will last longer than might normally be expected. During this time the owner of the factory will be out a substantial amount for fixed charges in addition to the normal profit he would have received had his plant been in production.

The same thing applies to merchants both wholesale and retail. At this time of year especially stocks are likely to be heavy. Retailers particularly are preparing for the Christmas trade. In some instances a large percentage of the total annual business is done in the autumn and early winter. If the store is not running during this period the owner will be out a large part of his year's income.

But like the manufacturer his expenses will continue.

### Use and Occupancy Contract

The Use and Occupancy insurance contract has been designed to take care of just such eventualities. These forms usually can be had for all classes of business that are operated for profit whether it be a factory, theatre, dance hall, store or what not.

The Use and Occupancy form can be attached to the ordinary fire policy. It is, of course, governed by the conditions of the main policy in so far as is possible.

In effect it provides the insurer will indemnify the insured for actual loss suffered through non-use or non-occupancy of the property. But, of course, the liability is limited to such time as would give the owner a reasonable opportunity to rebuild or replace the plant or machinery or put it again in operating condition. This, of course, is necessary to avoid abuses. If there were not such restriction, for instance, an apartment house owner might not rebuild his apartment block for 10 years during which time the insurer would have to pay him indemnity for lost rents.

The period allowed for restoration of the property begins with the date of the fire and runs for a certain time. It is not limited by the expiration of the policy as long as the fire occurs before that date.

The policy contracts offered by different companies vary somewhat in minor particulars but in general they provide for indemnity for:

Net profits lost through non-operation of the property.

Such fixed charges and expenses as would have been earned had there been no fire.

Any unusual expenses that may be incurred in order to reduce the loss.

The words "actual loss sustained" are printed prominently on the face of the policy. Consequently if a fire occurred in a time of depression when a plant was operating at a loss, the policyholder could not expect to collect the whole amount of the fixed expenses. Nor could he expect to collect anything for profits which he was not making. Otherwise it would pay him to have a fire.

Net profit is taken to mean the amount left over for the owner of the plant after payment of all charges for labor, heat, light, power, interest or rent, taxes, salaries, and other fixed charges.

When allowing for extraordinary expenses incurred in trying to get the plant back into operation, the company takes the ground that it is justified in doing this as it reduces the period for which it would otherwise have to pay indemnity for lack of use or occupancy.

The insurer also takes into consideration the nature of the business.

For instance, it would not allow as much indemnity to a summer hotel put out of operation in the winter time as it would in the summer. Likewise the owner of a skating rink could not collect a claim in the summer the same as he could in the winter.

This would be at variance with the professed object of the coverage which is to insure that the owner will not be out of pocket for fixed charges nor lose a profit which normally he might expect from his operations.

# Life Insurance Notes

"Term insurance is cheap because you don't save money. You don't save money because term insurance is cheap," E. J. MacIver, assistant secretary of the Prudential Insurance Co. of America told the Life Underwriters Association of Toronto.

He warned agents against the danger of talking too much and of being too technical in their language. Prospects were usually more interested in knowing what a life insurance policy can do, than in hearing a lot about reserves, expectation of life, etc., he said.

## Inland Transportation Underwriters to Meet

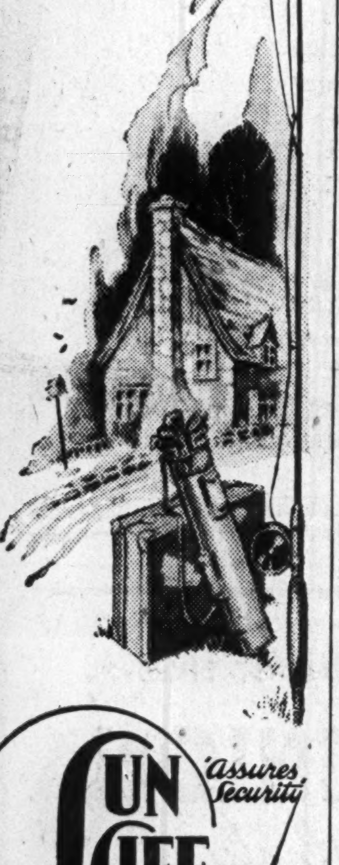
A meeting of the Canadian Inland Transportation Underwriters Association has been called for Oct. 30 in Toronto.

Object of the meeting is to organize so as to put the association into active operation. Negotiations have been carried on for several years with this object in view and it is understood that obstacles which previously stood in the way have now largely disappeared.

### CROW'S NEST PASS COAL

Crow's Nest Pass Coal Co. has declared a dividend of $1.50 a share on its common, payable Dec. 2, 1940, to shareholders of record Nov. 7. This makes total distributions for 1940 $3 a share and continues the rate of last year.

DON'T WAIT FOR 60 — PROVIDE FOR IT



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"Assure your future"
ALL PROFITS FOR POLICYHOLDERS

The WAWANESA
Mutual Insurance Company
Assets Exceed ... $2,600,000.00
Surplus .......... 1,330,263.89
Dominion Govt. Deposit exceeds 1,000,000.00
Wawanesa ranks 1st against all Companies operating in Canada on Net Fire Premiums Written according to Dominion figures for 1939.
Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton.
2,000 Agents Across Canada

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Assets in Canada
greatly in excess of the reserves required by the Canadian Government
Established in Canada 1833
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When faithful employees grow old in your service, you feel a responsibility to them. Often you cannot bring yourself to dismiss them; usually you cannot afford to keep them in your service.

A Great-West Life Group Pension Plan is the logical solution. Under this plan your employees will be assured of a pension when the time comes for retirement.

Call in a Great-West Life man. The Group Department of his company will be glad to submit a plan adapted to the needs of your business.

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HEAD OFFICE — WINNIPEG, CANADA

**Banking**

# See Exchange Drain $20 Millions Monthly

## May Force Drastic Moves on Certain Commodities Not Vital to War Effort — Hinted By Finance Minister

How does Canada's exchange account with the United States stand?

That is something that only the Foreign Exchange Control Board knows and it won't tell—at least not yet.

The question is of general interest to Canadians, however, for on the net adverse balance of payments depends the amount that Canada must raise elsewhere to keep her account with the United States square.

It also has a bearing on what policy the Foreign Exchange Control Board may pursue in the future as regards our dealings with the United States. If the adverse balance of trade increases too fast it may be necessary to impose further restrictions to protect our exchange.

Ordinarily our account with the United States is settled by taking our total net balances for merchandise, freight charges, services and interest and dividends which is usually against us and setting off against it our shipments of gold to the United States and our tourist trade balance which normally is favorable to us. The net result in the average year is that we owe the United States something in the neighborhood of $60 millions net.

This balance in normal times is met by converting our sterling balances into American dollars and turning the necessary portion over to the American creditors. We can do this because every year the United Kingdom buys more from us than we buy from her and accordingly we have a large favorable sterling balance.

But this year under war conditions it is doubtful if Great Britain will want to pay us in U. S. dollars which she needs to pay for her own purchases in the United States. If she does not do this we will have to settle our debt in some other way.

It is admitted that our net balance due to the United States this year will be much greater than normal. But how much more is the question.

Based on such data as is available it is estimated that it is mounting up at present to over $20 millions a month.

This figure is arrived at by the following computation which apart from the merchandise and tourist trade figures is based on pre-war data and therefore subject to considerable revision.

| | Millions |
|---|---|
| Every month our unfavorable mdse. bal. aver. about ... | —$24.0 |
| We pay in freight ......... | — 2.5 |
| We pay in int. and div., net | — 20.0 |
| We pay for misc. services .. | — 4.0 |
| We produce gold, available for shipment to the U. S. of .. | + 16.5 |
| We have a net travel balance of ...................... | + 12.5 |
| This leaves a net unfavorable monthly balance of ...... | —$21.5 |

At this rate our adverse trade balance with the United States will amount to around $240 millions for a full year of 12 months.

### Meeting Trade Deficit

How will Canada meet this if she cannot convert her sterling balances into dollars?

She can do something by increasing production of gold but for the immediate future that is limited by the known resources where development has reached a fairly advanced stage.

She may be able to increase her exports to the United States if the United States will buy.

She can reduce her purchases of non-essential goods from the United States.

### Reducing Purchases

This may be done in two or three ways.

The people could voluntarily reduce their buying of American goods.

Canada could raise the customs duties on non-essential goods to a prohibitive height. But it is not likely she would want to do this nor would such action likely be taken until another budget is being brought down.

In his budget speech, Hon. J. L. Ralston indicated that if the exchange position with the United States made it necessary, certain non-fiscal controls might be imposed. These included such measures as quotas, import licenses, etc.

They would, of course, be applied to such goods as are not necessary to the war effort and which the ordinary individual could get along without.

Has the point yet been reached where it is necessary to apply these controls? Ottawa is definitely veering to the view that the controls will soon have to be used.

# Weekly Statement Bank of Canada

An increase of almost $14 millions in investments is shown in the statement of the Bank of Canada for the week ended Oct. 16.

This was entirely in short term issues, holdings of long term issues being slightly lower. The increase probably reflects market operations in connection with the second war loan just offered. Reserves of sterling and United States exchange were also higher, probably due to the sale of gold.

Note circulation at $336.9 millions was about $190,000 higher, the smallest increase for some time. Deposits of the chartered banks were up over $13 millions. This evidently is money held to the account of the chartered banks in payment of short term issues purchased.

### Balance Sheet

| | Oct. 16 1940 $ | Oct. 9 1940 $ |
|---|---|---|
| **Liabilities** | | |
| Capital paid-up .... | 5,000,000 | 5,000,000 |
| Notes in circ. ...... | 336,923,898 | 336,732,077 |
| Rest fund .......... | 2,449,757 | 2,449,756 |
| Depos.: Dominion .. | 27,744,387 | 25,677,324 |
| Bank | 231,495,540 | 217,840,475 |
| Other .......... | 7,249,941 | 4,504,825 |
| Total deposits ...... | 266,489,868 | 248,022,623 |
| All other liabs. ...... | 17,329,119 | 6,459,418 |
| Total liabs. ......... | 628,192,642 | 598,663,874 |
| **Assets** | | |
| Reserve: | | |
| In sterl'g. & U.S. | 31,792,989 | 22,950,511 |
| Subsidiary coin .... | 421,690 | 373,508 |
| Advances to banks . | 2,000,000 | 2,000,000 |
| Investments: | | |
| Dom. Gov. short . | 436,394,763 | 420,884,436 |
| Other Dom. Gov. | 141,610,429 | 143,321,462 |
| Total invest. ....... | 578,005,192 | 564,205,898 |
| Premises .......... | 1,734,273 | 1,733,499 |
| All other assets .... | 14,238,498 | 7,400,458 |
| | 628,192,642 | 598,663,874 |

# Weekly Bank Clearings

| | Oct. 17 1940 $ | Change Year Ago % | Oct. 10 1940 $ |
|---|---|---|---|
| Halifax .. .. | 2,769,152 | —5.0 | 3,326,747 |
| Saint John . | 1,811,288 | —11.7 | 2,168,889 |
| Moncton .. | 725,301 | —11.5 | 889,765 |
| Sherbrooke . | 837,114 | +4.6 | 857,033 |
| Quebec .... | 4,887,119 | —16.9 | 5,298,949 |
| Montreal .. | 96,842,757 | —4.3 | 89,324,186 |
| Ottawa ..... | 29,291,798 | +28.1 | 40,179,937 |
| Kingston ... | 608,139 | —17.3 | 805,627 |
| Peterborough | 571,762 | —23.3 | 698,754 |
| Toronto ...: | 102,537,610 | —8.8 | 101,378,691 |
| Hamilton ... | 5,203,959 | —17.7 | 5,545,840 |
| Kitchener .. | 1,061,706 | —22.4 | 1,121,984 |
| Brantford .. | 822,266 | —13.3 | 1,046,282 |
| London ..... | 2,562,721 | —14.0 | 2,580,328 |
| Chatham .... | 542,153 | —20.5 | 645,994 |
| Windsor .... | 2,797,592 | +0.9 | 2,794,905 |
| Sarnia ...... | 368,378 | —20.0 | 475,086 |
| Sudbury .... | 889,669 | —14.0 | 1,031,472 |
| Fort William | 752,393 | —13.4 | 805,929 |
| Winnipeg ... | 36,904,714 | —46.0 | 53,077,065 |
| Brandon .... | 383,569 | —23.0 | 484,437 |
| Regina ..... | 5,943,519 | —46.7 | 8,250,101 |
| Moose Jaw . | 825,990 | —22.0 | 762,068 |
| Saskatoon .. | 1,692,005 | —27.5 | 1,979,463 |
| Prince Albert | 451,813 | —19.1 | 443,922 |
| Edmonton .. | 4,300,981 | —17.1 | 4,836,180 |
| Calgary .... | 5,651,355 | —47.8 | 7,208,043 |
| Lethbridge . | 578,443 | —33.9 | 571,067 |
| Medicine Hat | 381,970 | —22.3 | 397,004 |
| N. W'minster | 629,830 | —8.7 | 795,645 |
| Vancouver .. | 17,758,359 | +0.9 | 17,173,897 |
| Victoria .... | 1,619,663 | —16.7 | 1,988,661 |

# Year of War Ups Pay In 60% of Plants

A year of war has meant more pay to workers in at least three fifths of Canada's industrial plants, it is indicated by a sampling survey by the Industrial Relations Section of the School of Commerce and Administration, Queen's University, Kingston.

Of the 188 companies in 23 industries covered by the survey, 112 or 60% reported employees with increased regular income, as reflected in average weekly earnings. This is a low figure, however. A number of firms reporting general wage increases, more pay for particular groups, greater working time, or combinations of these factors, failed to supply data as to rises in weekly earnings.

The advances in regular pay ranged from a modest 2% or 3% up to 40% or 50% and in some cases as high as 75%. The petroleum refining and marketing industry was the only one for which some increase in weekly income was not shown or at least indicated. The three companies surveyed in this industry, where wages and working conditions have been good, reported no increases in either wage rates or working hours.

### General Wage Increases

The Queen's survey showed 87 companies or 46% of those covered had put general wage increases into effect, while about a third had raised rates for particular groups. In some cases the special increases, to skilled or low-paid classes of employees, were in addition to general wage advances. Nearly a third of the companies have increased working hours, by extra shifts, extending the period of regular shifts, or by added overtime operations.

The changes shown in the survey occurred between Sept. 1, 1939, and Oct. 1, 1940. Most of the companies covered are in Ontario and Quebec, but the survey extended also to British Columbia, the Prairie Province, and the Maritimes.

### Covers All Industry

Increases in wage rates, working hours and earnings were most numerous and extensive in industries engaged in war supply production, such as the metal working, textile, chemical, rubber, and aircraft industries.

Significant feature of the survey is, however, that it discloses an upward trend in industry generally, and in industries whose operations are connected little or not at all with the war effort. For instance, pay raises have been given to workers in the pulp and paper, merchandising and public utility industries.

### Labor Shortage

The survey also discloses a general scarcity of skilled labor in nearly all of the industries, and in some industries and regions a shortage of unskilled labor as well. The shortage of skilled workers is specially prevalent in regard to tool and die-makers, machinists, molders, welders, electricians, sheet metal workers, stationary engineers, millwrights, and specialized power machine operators.

Only 24 companies report any substitution of women for men workers, usually in clerical occupations, but in a few cases in assembly and light machine operations.

Reasons given for the increases in wages vary considerably, but for the most part reflect the voluntary inclination of the company to raise pay. In a number of cases union demands and requests of employees are cited as reasons, but more frequently mentioned are such reasons as:

To hold employees.
Increased cost of living.
Better business and company policy.

### Results by Industries

Results of the survey by industries were as follows:

| Industry: | No. firms covered | Reporting increases in— General wages | Group wages | Working hours | Average weekly earnings |
|---|---|---|---|---|---|
| Metal industries ................ | 35 | 22 | 17 | 24 | 35 |
| Textiles ......................... | 13 | 12 | 3 | 10 | 12 |
| Chemicals ...................... | 3 | 2 | 1 | 1 | 2 |
| Rubber .......................... | 8 | 4 | 5 | 6 | 5 |
| Electrical ....................... | 11 | 5 | 7 | 6 | 9 |
| Shoe mfg. ...................... | 9 | 5 | 4 | 0 | 3 |
| Furniture ....................... | 3 | 3 | 1 | 2 | 2 |
| Pulp & paper .................. | 10 | 7 | 2 | 1 | 8 |
| Building materials ............ | 6 | 4 | 1 | 1 | 4 |
| Lumbering ...................... | 6 | 6 | 2 | 2 | 5 |
| Aircraft production .......... | 2 | 2 | 1 | 0 | .. |
| Distilling & brewing .......... | 5 | 2 | 0 | 0 | 1 |
| Metal mining ................. | 13 | 3 | 1 | 0 | 3 |
| Soap mfg. ...................... | 4 | 1 | 2 | 0 | 0 |
| Bread, confectionery .......... | 5 | 1 | 0 | 1 | .. |
| Meat packing .................. | 6 | 1 | 2 | 2 | 3 |
| Other food products .......... | 5 | 2 | 2 | 0 | 2 |
| Petroleum* ..................... | 3 | 0 | 0 | 0 | 0 |
| Printing & publishing ........ | 10 | 1 | 6 | 0 | 4 |
| Coal mining ................... | 5 | 1 | 1 | 0 | 1 |
| Miscellaneous mfg ............ | 7 | 0 | 4 | 2 | 5 |
| Merchandising ................. | 4 | 1 | 1 | 0 | 2 |
| Public utilities ................ | 15 | 2 | 1 | 2 | 6 |
| | 188 | 87 | 64 | 60 | 112 |

*Refining and marketing.

# Hayes Steel Products Adds Two Directors

E. E. H. Wright, St. Catharines, and J. W. Primeau, secretary-treasurer of the company, were added to the board of directors of Hayes Steel Products Ltd. at the recent annual meeting. They replace M. G. Angus and H. T. Roesler, Toronto.

Shareholders were told that the company is now employing 600 men and working on an 18-hour a day schedule. Substantial additions to the plant at Merriton, Ont., are nearing completion. This will mean a higher volume of output and it is expected will improve earnings in the current year.

# Inter. Utilities Payment Approved by S. E. C.

The Securities and Exchange Commission, Washington, has approved payment by International Utilities Corp., of a payment of 87½ cents per share on the $3.50 prior preferred stock. The distribution is to be made from capital surplus, and the amount is required to be restored to capital surplus from the first available earnings after Dec. 31, 1938, after providing for 1939 and 1940 dividends heretofore declared and paid.

The payment will be made Nov. 1, to shareholders of record Oct 22 in U. S. funds. It is the same amount as has been paid quarterly since 1938.

# Income For Many Companies Now Barely Wins Race With Taxes

By A. D. ELLWOOD
Investment Editor, The Financial Post

Most illustrations used to date in discussing the effect of the new scale of corporation income taxes have been based on theoretical examples.

In some ways this gives a better understanding of the ramifications of corporation income tax and excess profits tax than can be given from the so far limited experiences of actual companies.

The excess profits tax was revised in June. Since then accountants and company executives have had an opportunity of studying the new taxes and applying them to the companies in which they were interested.

The results of their study and application are available in the company reports issued since then and covering, at least in part, the period when the new taxes apply.

Jan. 1, 1940, is the date set for application of the excess profits tax. Earnings since then have to pay the proper impost under this law. At the least, corporation taxable income is subject to an additional 12% E.P.T. for this and succeeding years. In many cases the rate may be 75% of the amount by which taxable income exceeds that of the average for the four years, 1936-39 inclusive. Whichever of these rates is the larger, then that rate has to be paid.

As brought out in a story in The Financial Post last week, when the gain in taxable income over this base period is 24% or less, then the 12% rate applies. But when it exceeds 25% or more above the base period, then the 75% rate applies.

Probably the best illustration of how the new scale of taxation works that has yet been made available is furnished by Hayes Steel Products. This company changed its year end to July 31 this year, thus making the report just issued cover a seven-month period only. In this case, taxable income is up 24% but provision for taxes, including E.P.T., is up 270%.

The other examples available include portions of the previous year when the old rate applied. A number of the reports published since the new rate of taxation was announced include only the first quarter of 1940. In such cases the 1939 rate of taxation must be the dominating one. Rise in tax provision is thus largely due to higher taxable income rather than primarily to higher rate of taxation.

The Dominion's first war budget of Sept., 1939, applied a flat 3% increase in the rate of corporation income taxation. This budget also initiated the E.P.T., but the latter measure was substantially revised in June this year.

Thus, in comparing the actual taxes paid for the past two periods, these various increases must be considered for the Dominion. Provincial taxation rates have also risen.

The tabulation which follows shows comparative figures for taxable income and tax provisions for important company reports issued since July this year.

### Earnings Much Higher

Of the companies covered, only two, Canada Bread and National Steel Car, show lower taxable income than in 1939. In the case of National Steel Car, it is probable that any calculations based on published figures are less satisfactory than other examples. This company reported net earnings before depreciation and taxes of $1.9 million in the year ended June 30, 1940. This compares with $1 million in the preceding year. Much heavier depreciation at $921,065 against $151,999 and amortization of special equipment at $318,853, however, make direct comparisons of taxable income difficult from the information available. From the fact that taxes are up (although net profit is down considerably more than increase in taxes would account for) it is assumed that some part of the higher reserves have been taxable.

In the tabulation which follows, income before taxes has been calculated by adding tax provision to the net profit figure in each period. The figures for tax provision are those actually set aside in the company's published income accounts. Deducting the tax provision figure from the appropriate figure for taxable income would give net profit in each case as actually reported.

| | Period Ending | Income Before Taxes 1940 $ | 1939 $ | Gain % | Tax Provision 1940 $ | 1939 $ | Gain % |
|---|---|---|---|---|---|---|---|
| Hiram Walker .................... | 3 Mos., May 31 | 2,652,220 | 1,419,449 | 44.6 | 670,880 | 292,453 | 129.3 |
| Can. Wirebound .................. | 12 mos., Apr. 30 | 142,082 | 117,363 | 21.1 | 22,465 | 10,680 | 110.3 |
| Saguenay Power .................. | 6 mos., June 30 | 2,218,489 | 2,003,570 | 10.7 | 160,992 | 145,347 | 10.7 |
| Canada Bread ...................... | 12 mos., June 30 | 296,114 | 511,370 | —23.7 | 80,000 | 115,000 | —43.7 |
| Standard Fuel .................... | 12 mos., Apr. 30 | 93 422 | 61,404 | 52.1 | 30,238 | 15,719 | 92.3 |
| Willson Stationers ............... | 12 mos., Apr. 30 | 43,978 | 23,593 | 86.4 | 16,318 | 4,022 | 305.8 |
| North American Elevators ........... | 12 mos., Apr. 30 | 33,197 | 12,358 | 168.6 | 11,000 | 2,300 | 378.3 |
| B. C Packers ........................ | 1940, 12 mos., }Apr. 30<br>1939, 16 mos.. } | 760,566 | 189,683 | 300.9 | 369,935 | 57,881 | 539.2 |
| Blue Ribbon ........................ | 12 mos., June 30 | 230,598 | 151,579 | 52.1 | 92,945 | 31,910 | 191.2 |
| Canada Packers .................... | 12 mos., Mar. 30 | 2,584,095 | 1,558,936 | 65.7 | 916,285 | 320,200 | 186.1 |
| Agnew-Surpass .................... | 12 mos., May 31 | 290,884 | 181,913 | 59.9 | 97,167 | 31,289 | 498.1 |
| Ontario Steel ....................... | 12 mos., June 30 | 165,641 | 74,507 | 122.3 | 60,000 | 12,500 | 452.0 |
| Canadian Breweries ................ | 12 mos., July 31 | 917.336 | 586,252 | 56.4 | 295,802 | 148,079 | 99.7 |
| Loblaw Groceterias ................ | 12 mos., June 1 | 1,911,929 | 1,495,253 | 28.5 | 550,000 | 262,000 | 109.9 |
| National Steel Car ................. | 12 mos., June 30 | 638,460 | 765,568 | —19.9 | 175,000 | 135,462 | 29.1 |
| Power Corp. ....................... | 12 mos., June 30 | 1,526,059 | 1,456,250 | 4.7 | 72,882 | 57,643 | 182.5 |
| St. Lawrence Flour ................ | 12 mos. Aug. 31 | 224,294 | 200,558 | 11.8 | 92,000 | 39,000 | 135.8 |
| Alta. Pac. Grain ................... | 12 mos., June 30 | 236 596 | 21,902 | 980.3 | 75,000 | 5,000 | 1,400.1 |
| B. Greening Wire ................... | 12 mos., June 30 | 319,804 | 168,170 | 90.1 | 161,000 | 34,000 | 373.6 |
| Nanaimo-Duncan .................... | 12 mos., June 30 | 102,831 | 73,048 | 40.8 | 43,998 | 21,764 | 102.1 |
| Humberstone Shoe .................. | 12 mos., July 31 | 33,686 | 19,640 | 71.5 | 11,363 | 5,139 | 120.2 |
| Hayes Steel ........................ | 1940, 7 mos., July 31}<br>1939, 12 mos., Dec. 31} | 238,441 | 191,019 | 24.8 | 144,500 | 39,000 | 270.5 |

# Municipal Reports

## Leaside, Ont.

Debenture debt totalling $1.1 million for Leaside, Ont., at the end of last year is up about $200,000 from the previous year. Bank loans of $135,414 were wiped out. Tax arrears showed a substantial reduction, and a surplus again was reported.

Income and Assessment
Years Ended Dec. 31

| | 1939 $ | 1938 $ |
|---|---|---|
| Revenue ............ | 256,976 | 241,535 |
| Expenditure ......... | 250,142 | 238,246 |
| Total assessment .... | 4,053,932 | 3,795,929 |
| Exemps. not incl. ... | 364,419 | 225,489 |
| Curr. tax levy ...... | 258,648 | 233,496 |
| Curr. tax arrears .... | 28,685 | 20,770 |
| Total tax arrears .... | 28,881 | 49,790 |
| Tax rate (mills) .... | 45 | 44 |
| **Assets and Liabilities** | | |
| Total assets .......... | 1,437,987 | 1,203,637 |
| Total debenture debt | 1,144,695 | 944,586 |
| Bank loans .. ....... | nil | 135,414 |
| Other liabilities ...... | 245,461 | ▲ |

▲Not given.

## Chatham, Ont.

Chatham, Ont., reports net debenture debt of $471,269 at the end of last year, up about $189,000 from previous 12 months. Bank loans of $70,000 were wiped out. Deficit of $13,056 showed an increase over the previous year, but tax arrears were reduced.

Income and Assessment
Years Ended Dec. 31

| | 1939 $ | 1938 $ |
|---|---|---|
| Revenue ............. | 573,430 | 616,396 |
| Expenditure ......... | 586,486 | 621,315 |
| Total assessment ..... | 14,491,557 | 14,391,887 |
| Curr. tax levy ........ | 473,845 | 510,392 |
| Curr. tax arrears .... | 73,870 | 89,563 |
| Total tax arrears .... | 124,534 | 146,799 |
| **Assets and Liabilities** | | |
| Total assets ......... | 1,230,740 | 985,474 |
| Total debenture debt . | 653,602 | 487,211 |
| Net debenture debt .. | 471,269 | 282,818 |
| Bank loans .......... | nil | 70,000 |

## Nelson, B.C.

Net debenture debt of Nelson, B.C., at $591,181 at the end of 1937 is down about $35,000 from the previous year. Other liabilities show a sharp reduction. A surplus of nearly $5,000 is reported, compared with deficit of over $6,000 in 1938.

Income and Assessment
Years Ended Dec. 31

| | 1939 $ | 1938 $ |
|---|---|---|
| Revenue ............ | 545,419 | 499,738 |
| Expenditure ... ..... | 540,876 | 505,810 |
| Total assessment ..... | 6,494,638 | 5,704,235 |
| Exemps. not incl. .... | 1,169,510 | ▲ |
| Curr. tax levy ........ | 118,930 | 117,513 |
| Curr. tax arrears ..... | 18,356 | 18,963 |
| **Assets and Liabilities** | | |
| Total assets .......... | 2,476,403 | 2,471,654 |
| Total debenture debt . | 1,118,024 | 1,119,512 |
| Total sinking fund ... | 526,843 | 493,530 |
| Other liabilities ...... | 14,754 | 64,035 |

▲Not given.

## Charlottetown, P.E.I.

Net debenture debt of Charlottetown, P.E.I., at $1.8 million on Dec. 31, last, is up $207,000 from the previous year. Bank loans also show an increase. Deficit of $33,487 was about $13,000 larger than in 1938.

Income and Assessment
Years Ended Jan. 15

| | 1940 $ | 1939 $ |
|---|---|---|
| Revenue ............. | 307,062 | 248,258 |
| Expenditure ........ | 340,908 | 270,144 |
| **Assets and Liabilities** | | |
| Total assets .......... | 3,136,864 | 3,229,512 |
| Total debenture debt . | 2,244,800 | 1,969,100 |
| Total sinking fund ... | 408,312 | 340,580 |
| Bank loans .......... | 185,809 | 153,875 |

## Fort Erie, Ont.

During 1939, Fort Erie, Ont., completed a refunding plan. Principal of debentures which matured in 1934, 1935 and to June 30, in 1936, was paid in cash, with a 90% cash settlement of interest to Jan. 31, 1940.

Balance of the debenture debt, totalling $1.4 million, is to be repaid serially over 40 years 1940-79. Interest is payable at original contractual rates until the original maturities, and thereafter at 4½% annually until paid. Accrued interest is being settled by a 90% cash payment to May 31, 1939, plus additional interest from June 1, 1939, to the original dates of maturity in 1939 and 1940.

Total amount of cash necessary for the full reorganization plan to the end of 1939 is $552,569.

Total debentures unmatured at the end of last year were $981,658. This, together with matured debt to the amount of $373,971, has been refunded for a total of $1.4 million.

Income and Assessment
Years Ended Dec. 31

| | 1939 $ | 1938 $ |
|---|---|---|
| Revenue ............. | 416,756 | 425,233 |
| Expenditure ......... | 411,638 | 419,676 |
| Curr. tax levy ....... | 254,312 | 264,925 |
| **Assets and Liabilities** | | |
| Total assets .......... | 1,982,465 | 1,939,318 |
| Debentures unmat. .. | 981,658 | 1,088,521 |
| Bank loans .......... | 185,157 | 185,157 |

## Portage la Prairie, Man.

A decline in debenture debt is reported by Portage la Prairie, Man., in 1939 as compared with the previous year. Other liabilities, on the other hand, show a substantial increase. A surplus is again reported, while tax arrears are down.

Income and Assessment
Years Ended Dec. 31

| | 1939 $ | 1938 $ |
|---|---|---|
| Revenue ............. | 177,663 | 209,788 |
| Expenditure ......... | 150,353 | 192,819 |
| Total assessment ..... | 8,025,295 | 8,014,385 |
| Exemps. not incl. ... | 3,071,841 | 3,229,650 |
| Curr. tax levy ....... | 169,469 | 165,763 |
| Curr. tax arrears .... | 63,798 | 44,099 |
| Total tax arrears ..... | 120,544 | 125,352 |
| **Assets and Liabilities** | | |
| Total assets .......... | 468,268 | 426,135 |
| Debenture debt ...... | 89,751 | 107,648 |
| Other liabilities ...... | 244,498 | 112,445 |

## Drumheller, Alta.

Drumheller, Alta., reports declines in debenture debt, bank loans and other liabilities in 1939, as compared with the previous year. Tax arrears are also down slightly, while a slight surplus is reported—smaller than in 1938.

Income and Assessment
Years Ended Dec. 31

| | 1939 $ | 1938 $ |
|---|---|---|
| Revenue ............. | 85,710 | 81,964 |
| Expenditure ......... | 85,500 | 79,135 |
| Net assessment ...... | 1,685,895 | 1,685,356 |
| Curr. tax levy ...... | 139,177 | 136,792 |
| Curr. tax arrears .... | 44,551 | 42,067 |
| Total tax arrears .... | 151,773 | 154,491 |
| **Assets and Liabilities** | | |
| Total assets .......... | 269,891 | 296,434 |
| Total debenture debt | 53,917 | 64,498 |
| Bank loans .......... | 8,000 | 18,000 |
| Other liabilities ...... | 17,832 | 24,087 |

# Leamington Cuts Debt by 15%

## Refunding to Save $6,000 Next Year in Interest Charges

Substantial progress has been made in improving the financial position of Leamington, Ont., since a refunding plan was completed in 1937. Debenture indebtedness increased from $628,570 at the time of refunding to $717,214 at the end of 1939. Substantial reductions have been effected this year, however, and by the end of December indebtedness will have been cut to $608,072.

Total of $80,599 already has been called this year, while maturities totalling another $28,543 will be met by the year end. Net reduction for the year is $109,142—or 15% of the total outstanding 10 months ago.

### 1940 Refunding

A further refunding scheme has been carried out this year, to result in additional savings on interest charges. The 1937 plan resulted in coupon rate being reduced from 4½-6½% to 4½%.

This year principal amount of $608,072 is being called, including a large proportion dated 1941-45. The 4½% bonds are being replaced with a 3½% serial issue, maturing 1941-56, and will result in a saving of about $6,000 the first year and proportionately less each succeeding year.

The new issue has been wholly underwritten by Harrison & Co., which reports all but $100,000 already has been sold.

# Maritime National Fish Changes Corporate Title

From Our Own Correspondent

MONTREAL.—Maritime-National Fish (1937) Ltd. has taken out supplementary letters patent changing the name to Maritime National Fish Ltd.

### Staff Changes

The Canadian Bank of Commerce announces the following staff changes:

W. L. WRAY, accountant, Chatham, Ont., to be manager, Delta branch, Hamilton.

S. J. McGUFFIN, accountant, Winnipeg, to be manager, Stafford & Grosvenor, Winnipeg.

The Bank of Nova Scotia announces the following staff change:

K. L. CROWLEY, to be acting manager, Channel, Nfld.

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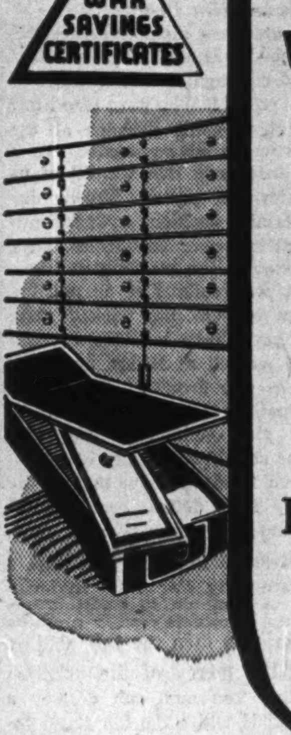

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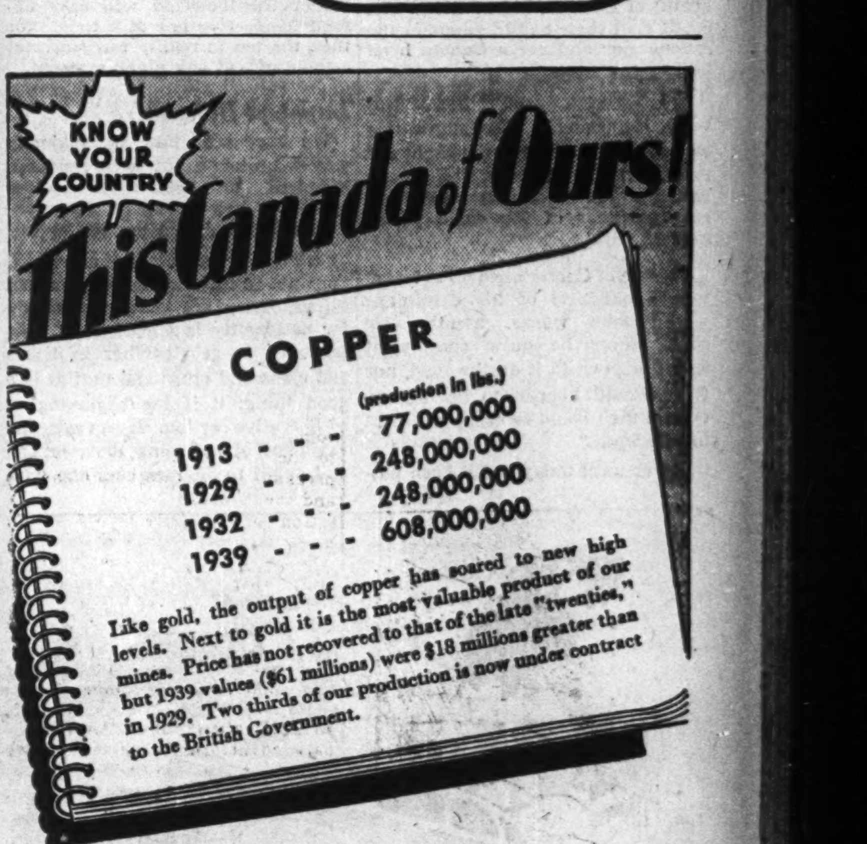

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1929 - - - 248,000,000
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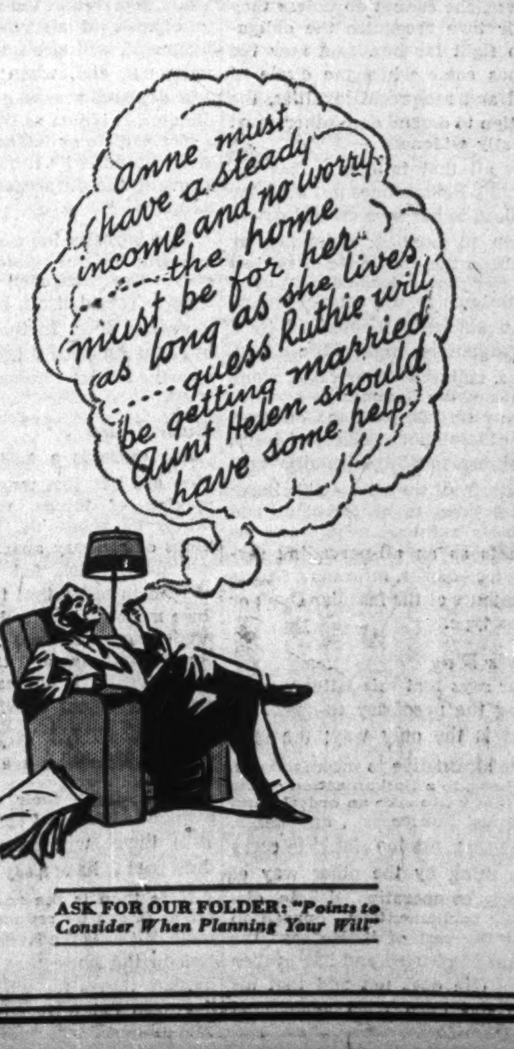
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# Hitler's 'New World Order' vs Free Democracy

**Why the Nazi dream is a nightmare — Sir Norman shows how Hitler believes old tyrannies failed because they were not tyrannical enough; how all that we call good is to him bad. The much vaunted efficiency of Fascism is just a lie. Experience everywhere proves it, this famous author declares.**

*This is the fourth of a series of five articles which the famous British author, Sir Norman Angell, is writing specially for The Financial Post. The remaining article in the series will appear next week.*

**By SIR NORMAN ANGELL**

SIR NORMAN ANGELL

The other day two men sat in a railroad carriage in the Brenner Pass and discussed what should be done about the future of the world, whether this or the other nation should be allowed to remain independent for the time being or be brought into the "New Order" immediately.

The lives of hundreds of millions of human beings will be affected by the decisions arrived at in that railroad carriage. The fate of the world as a whole was involved. And the two men made their decisions without consultation of any kind with the hundreds of millions. The "dumb" millions had nothing to do with the matter except to obey.

### Vast Tyranny

Never in history before have tyranny and despotism possessed such a scope. History is choked with the rise and fall of scores of little despots who had power of life and death; of Caesars, big or little, who could clap their hands, summon the executioner and see a human head fall to the ground.

But the area of their power was very restricted. Communication was difficult. Their arms could not reach into the deserts, the forests and the jungles, so that there were great sections of the earth which escaped.

For one of Caesar's orders to travel to the outskirts of his dominions would take weeks, months. He could never be quite sure what would happen to it on the road, nor what would happen to his agents. Orders then could so easily get "lost in the wash."

Never until today has it been possible for the whole world to listen to its master's voice in the literal and physical sense. Now his voice is heard by his agents, his instruments and his subjects at the very moment that he speaks. When orders can be transmitted instantaneously to the whole universe and their execution as instantaneously checked up, the organization of tyranny can have a world-wide, searching and complete quality which it has never had before.

### We Gave Him Power

How did these men, or rather this one man—for Mussolini came to that railroad carriage as a subordinate—get this power? Who gave it to him?

The chief point perhaps of the articles which have preceded this is in the insistence that we, all of us gave him that power. We, by our quarrels and divisions over secondary matters, over trivialities, have handed over our freedom to him.

What we really face is not the problem of just one wicked man. There have been millions of men just as wicked as Hitler, and they never greatly troubled the world. The appalling thing is not that Hitler should give commands, but that millions should so readily obey.

I have tried to show that if the majority is to defend itself against the crime of a minority, or a gang, it must stand together as a unit, a corporate body For if the majority refuse to combine to resist crime, while the criminals readily combine to commit it, then the law abiding are at the mercy of the criminal minority. Ten men can destroy a thousand if while the ten stand together the thousand will only defend themselves one at a time. For then the ten in reality face one, not a thousand, at any given moment.

### Impotent Defense

We have seen how the majority was so broken up as to be rendered impotent to defend themselves against a tiny group of gangsters. Nationalist isolationism has played by far the largest role in it all; which does not mean that nations are bad things. They are good; the feeling for nationality is a good thing. The tendency to get together in tribes and clans and clubs and parties is a good thing; it is the beginning of co-operative action. It reveals the existence of a feeling that we are, and ought to be, members one with another, that we make a corporate body.

But where the instinct becomes disastrous is at the moment that the assertion of a fundamental moral truth, the truth that we are members one of another—is suddenly transferred into its denial. Men say: "Because it is a good thing to stand together, to have a common purpose, to be comradely, to learn to co-operate one with another, to make a great corporate body, it is good to be a nation."

Perfectly true. But then unfortunately they go on to say: "Because it is good to have a common purpose, to stand together, to be comradely, to learn to co-operate, to make a corporate body, we will, therefore, have nothing to do with other nations. We will refuse to stand together with them, to co-operate for any purpose whatever."

### Nations Killed

And because nations have said that, they have, over so much of the world, simply been destroyed; their life, as nations, ended; their independence killed.

The nation is not, of course, the only way in which men act as a corporate body. There is, for instance, the church. And not very long ago the church had far more importance as an expression of human solidarity than the nation. Men did not say: "People of our nation are friends, people of other nations enemies." They said instead: "People of our church are friends, people of other churches enemies, to be killed, racked, tortured, burned alive."

And people were quite convinced that it was utterly impossible for men of different religions, beliefs to co-operate in organizing a common society. "France," said a Cardinal once, "must be all Catholic or all Huguenot, or there can never be peace."

The modern world—before it became completely insane—decided that he was wrong and that you could have in the same state men of different religious belief living peacefully together; that you could have men saying, "I will give one loyalty to my church and another loyalty to the State." What we have learned to do about our church, we must also learn to do about our nation; learn to say that loyalty to the nation is quite compatible with loyalty to rules of conduct outside nations which must combine all nations.

### Lesson of Britain

We have learned this in Great Britain. The Scotsman has learned that he will be loyal to Scotland, and still preserve things to which he attaches great value, while at the same time being loyal to his State, to Great Britain. The Welshman can still teach his children Welsh and preserve the traditions of his people while being ready to fight for Great Britain, knowing that in so doing he is also fighting for the right to preserve his Welsh freedom, the freedom that is to go on teaching his children Welsh; for if Britain were to fall to Germany that freedom would be destroyed.

If it be true that the preservation of Welsh or Scottish freedom depends upon loyalty to the British state, Britain's freedom depends upon her loyalty to the Commonwealth, her readiness to fight for Canada, Australia, New Zealand, India, which, of course, she cannot do unless they in their turn recognize the obligation to fight for her. And now the time has come when the circle of mutual and reciprocal loyalties, the obligation to defend each other, must be greatly widened.

Now, all that implies a free co-operation. Britain does not hold the Dominions to her by a central power situation in London, enforcing by compulsion the obedience of subject states. Her power does not rest upon the maintenance of a central imperium, an authority maintained by a stiffly organized, highly disciplined, ruthless, ruling body or caste, along the lines of the Communist party in Russia, or the Nazi party in Germany, a kind of irreligious Society of Jesus, maintaining itself by training new members from their very babyhood; teaching them to be ferocious and completely ruthless, using such instruments as an all-pervading secret service of spies, informers, agents provocateurs of the familiar Ogpu or Gestapo type.

### Hitler's Way

Hitler says that this latter way of securing the necessary co-operation of men is the only way; the only possible alternative to incompetence, utter chaos, to a Balkanization of the world that will make an orderly and prosperous universe impossible. Men, he says, are too stupid to carry on the thing by the other way of voluntary co-operation, debate, discussion, parliamentary opposition and all the rest of it. He says the thing has been tried and has broken down. (He does not add that his method has been tried again, and again, and again, and has broken down.) He insists that nearly all that characterizes the free method, the democratic method, is wrong; that men are not equal and therefore should not have equal rights; that it is practically impossible to run any workable system of government based on the consent of the governed; that they can never really understand the issues of Government, ought not to be permitted to discuss them and should be taught obedience ("discipline" is the word the Germans use in preference to obedience) by a superior order or race.

He insists that men will react to the desire to impose their rule upon others much more readily than to the desire to grant others their due rights; that you can utilize the desire for power and rule in men much more readily than you can use the desire to co-operate on terms of equality.

### Power For Minority

His scheme, therefore, like the scheme of Moscow, is to take a minority, turn it into a party, almost a secret society, give it power, power of life and death, excite the desire of its members to retain that power; give them the instruments such as terror, torture, concentration camps, arbitrary imprisonments, a vast propaganda machine—and then you will get something like order and competence.

Now, there is a great deal to be said for that. Shortsighted people have, at various times in history, often turned to that kind of method.

I say shortsighted advisedly, because while making, as a rule, a great parade of understanding human nature, the method ignores the profoundest fact of all about human nature, about, that is to say, the nature of the human mind.

And that fact is this:

Judgment, the correct interpretation of facts is impossible unless you are prepared to listen to those who disagree with you; unless by free enquiry and discussion you develop the peculiar type of discipline which goes with the hearing of contrary opinion.

If you deprive men of "the right to know," the right to know what is being done with their lives, to have access to the facts, to discuss those facts among themselves, then you do more than deprive them of a very fundamental right, good in itself; you deprive them of the means by which alone their minds and judgment can be kept sane, wholesome, capable of arriving at right conclusions.

If you do not believe that proposition, then you should read Mill's essay on "Liberty," which most people of the last generation or two have not read at all. The proposition I have outlined states a truth which repeated human experience verifies.

### Two-sided Truth

That truth operates in two ways. If you give to a selected order or class like the Communist party in Russia, or the Nazi party in Germany, the right to silence by force all opposition, all criticism of its orders, then those who give the orders will, sooner or later, be giving impracticable orders, sometimes so ruthless and cruel that in the long run the most obedient and servile population will rebel.

But there is another fact. A population deprived of the right to know, to discuss, of all raw material of judgment, will also lose capacity for judgment, and, when it does rebel and demand a new government or dictator, it is just as likely to choose a worse dictator instead of a better. Why shouldn't it? It has no means of knowing the difference between the two.

That is really the case against dictatorship on the grounds of efficiency. The inefficiency may take time to reveal itself, but in the end it always does. In the dictatorships of Latin America it has shown itself clearly enough though repeatedly tried.

### Basic Issue

But there is a deeper case still. Men are not just machines for the making of things, whether those things be pyramids, the tombs of kings or sanitary apartment houses; not merely tools fed with the fuel of food in order that they may produce more fuel to feed machines for producing more fuel . . . Men are conscious things and the purpose of their lives is, if not happiness, then certain spiritual satisfactions. And, to put it on not very high terms, these satisfactions are incompatible with a state of slavery or servility, a state in which their lives shall be disposed of without any consultation with them, without any right on their part to have a say in the matter.

Here then is the real issue, in so far as it can be reduced to a single issue. Hitler is the leader of a revolution in the sense that he desires to destroy things for which the world has been painfully struggling for a very long time and has only partially attained — freedom, freedom from privileged classes or orders, absolute monarchs, feudal chiefs, a priesthood with powers of life and death. Hitler, in effect, says that our objection to those things is all wrong, that the trouble with the privileged orders was not that they had too much power, but far too little; and that he proposes to give his privileged orders, with himself at the top, infinitely greater power. These older orders were at least subjected to law of a kind, but he proposes to make all law subject to his will or to the will of the multitude of deputy Fuehrers who will be responsible to him.

### Muddled on Freedom

That the world, or a good deal of it should contemplate the acceptance of this new order is proof of how little it is understood what freedom really meant, what it was all about. For a great many people do contemplate acceptance of Hitler's scheme of things. (There is in every country a group, either definitely in favor of a Fascist conception of society or so muddled about it that they would be prepared to accept one kind of fascism because it seems preferable to another kind; or prepared to accept Hitler because he seems preferable to Stalin).

When I say that Hitler's view is that the old tyrannies failed because they were not tyrannical enough, I am not just indulging in picturesque exaggeration. It is not merely implicit in so many of the weary pages of Mein Kampf, but occurs repeatedly as a direct statement; as when he says that Germany failed in the last war because she had too much regard for the rights of other nations, was too kindly, too honest, too liberal, too hesitant about asserting her claims and needs, too regardful of law, particularly international law. Hitler has shown, not merely by his words, but by his deeds, how much he feels this to be true. A Bethmann-Holweg might be a little apologetic about the invasion of Belgium, "necessity knows no law" and the rest of it.

But Hitler can take over Norway or a Denmark for the purpose of "rescuing" them from a low and contemptible order of being to include them in the higher one. That higher one, in order to realize its aims must, he insists, discard the scale of values of the Christian world: pity, mercy, compassion, any hesitation about plunging a shipload of children into a stormy sea six hundred miles from land. All that sentimentality of weaklings must be relegated to the past. Again this is very explicit. He says it in plain words. The masters must learn to be harsh, ruthless, without pity, without compassion. It is all laid down in documentary instruction and still more emphatically in acts.

So there is our choice: What yesterday in our world was good has become, in the Hitler world of today, bad. What was bad has become good. What was righteousness has become evil, what was evil has become righteousness.

If these words have meaning at all we put it outside Hitler's power to enforce his view as against ours.

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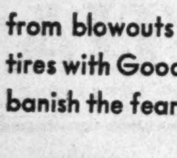

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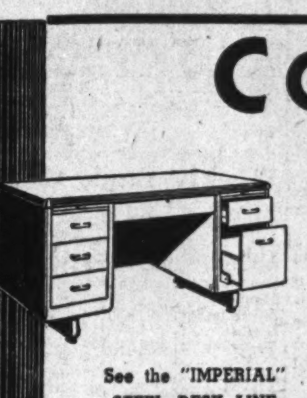

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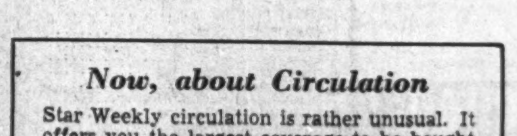

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# What War Has Meant to Food Securities

*B. T. Huston, editor of Canadian Grocer, has been secretary of the Food Products Association since its formation in 1920. The idea of establishing the outstanding display of food products at the Canadian National Exhibition, Toronto, is credited to Mr. Huston. He became editor of MacLean Publishing Co.'s Canadian Grocer in 1908, and is one of the best known authorities on food merchandising in the Dominion.*

**By B. T. HUSTON**

With the downfall of France came a revision in our ideas as to the demand and price trends of a number of Canada's basic agricultural products.

Most important of these is wheat. With continental Europe completely out of the wheat picture—or for that matter for many other of Canada's farm and processed foods—the export outlook for foods is not as good as it otherwise would have been.

On the other hand, Great Britain continues an important buyer of our bacon and cheese, a steady buyer of flour and canned milk, and domestic consumption of all foods is on the way up.

More men are at work than a year ago and they are getting higher wages. Some of the extra money goes to food. The promise is that the food industry will improve in the coming year just as this year's volume is showing an increase over 1939.

But one of the difficulties is an expected labor shortage. Already delivery boys have gone high hat. Many of them are going off to jobs in war plants or into the army.

## Millers Do Better

Flour millers on the whole are experiencing a better year than in 1939. The wheat processing tax gave them a scare until the load was shifted to the bakers. Now it is not an easy job to prophesy what's going to happen in 1941. At the moment millers believe the steady export business will be maintained and are looking for a year as good or better than this one but they think and speak with caution. Latterly there has been some price competition in flour on the Prairies but this situation has straightened itself out. The new type vitamin bread which bakers are featuring may help domestic flour consumption as well as the health of the nation.

Bakers have some problems to face, most important of which is the existing bread price situation that is putting many of them in the red.

When the Wartime Prices and Trade Board on Sept. 6 rescinded its order against any rise in bread or flour, it pointed out that current prices of the latter, including the 70-cent processing tax, were no higher than those which had prevailed during the first four months of 1940 when no tax applied.

Bakers, however, have had to pay higher prices for other ingredients, including waxed wrapping paper, and they point out that when flour was around $5 per barrel the price of bread was based on $3 flour, as practically all of them bought ahead previously to cover their requirements for some time to come.

Now they figure that with the processing tax, price should be higher. The Price Board will not, of course, advise them to raise it but it looks as if such an advance on the cheaper loaf might take place in the near future as bakers cannot continue losing money and remain in business. In view of this, there is no incentive for the bakers to buy flour ahead nor for millers to buy more than their immediate requirements.

## Canners Lose U. K. Market

The United Kingdom last March stopped issuing import licenses for canned foods and there is no change in the picture apart from canned salmon. Should it be decided later to issue permits difficulty will be had getting canned tomatoes from this country whereas 950,000 cases were taken from August last year to March of this. If Great Britain did buy, the market here would be that much stronger. Great Britain always has been a substantial buyer of our canned pears and latterly to a lesser extent canned peaches.

This has been an abnormal year from the standpoint of fruits and vegetables for canning. Most packs came on a bare market with canners all set for a big year—and it is not going to be too bad at that.

Almost daily rains in the latter part of June and early July delayed planting of such important vegetables as tomatoes and corn, throwing the season backward two or three weeks. The wet weather was responsible for a fungus growth that began to develop in tomatoes and peaches in Ontario later, thus cutting the yields for canning purposes. At the same time the corn borer played havoc with many crops.

The official government figures on the size of various packs will not be issued until well on into the new year but at this time it is forecast the corn pack will not be much more than 35 to 50 per cent of what canners anticipated, based on the acreage contracted for. Due to fine, warm weather the first half of October the tomato pack may be above last year, although maybe not more than 60 to 70 per cent of what was expected—just about sufficient for our domestic consumption without any carryover in warehouses of jobbers when the 1941 pack begins.

Fortunately the pea pack was a big one—perhaps a million cases greater than last year—but because of the corn and tomato shortages, markets of all three items have already strengthened and are likely to be well maintained throughout the winter months. The peach pack will be fair for the larger firms although not as big as anticipated earlier. The pear crop looks good but this pack is not concluded until well on into November. There are shortages in raspberries and cherries.

Canners with individual plants are in some cases having difficulty, but the bigger firms whose plants are well distributed will have a good year because of the higher prices. There has been early price competition in spite of higher costs of sugar, cans and cases, but only in the odd item.

After next year, canners will likely be faced with a labor problem that may be more or less serious. Their operations are seasonal and it may be difficult to secure the necessary labor when the packing season begins in view of the demand from elsewhere. The 1941 packs, too, are a weather proposition and nobody can forecast what they're going to be.

Salmon factories in British Columbia were pessimistic following the British ban on import licenses in March. All canned foods were cut off at the time and when the packing season began nobody knew whether orders that had been taken by British importers would be confirmed.

But the picture suddenly brightened when confirmations began trickling through from London a couple of months ago. Now the chief worry is that there may not be a sufficient pack to take care of both exports and domestic business. Britishers have always been substantial consumers of salmon but most of it came from Japan and the United States. Canada was third but now with Japan getting her bristles up it looks as if we will get all the business we can handle.

Continuation of our bacon sales to Great Britain in the coming year seems assured. This may shortly be announced by Canadian officials visiting Britain.

Under agreement with the British Government ending Oct. 31, Canada is expected to sell Great Britain 5.6 million lb. of bacon every week at a stipulated price which amounts in a year to something over $50 millions. It is expected there will be a similar agreement, perhaps for a greater volume in 1940-41. The August shipment of 26.6 million lb. was 73% greater than August, 1939, and was the highest monthly total since April.

In the first eight months of this year total was 214.6 million lb., an increase of more than 104 million lb. or 93% above same period of last year.

Sugar business during the coming year should be fairly good, depending to some extent on next year's fruit crops. The run on sugar in retail stores when the war started last September cleaned up all the cane refined at the time and the situation was only relieved when the 1939 beet crop arrived. This, together with contracts for raw sugar made by the Sugar Administrator, has assured Canada of plenty of supplies.

There seems to be no shortage in world raws this year and Canada is expected to have a bigger beet sugar production. This at any rate is the case in western Ontario where the crop is said to be well ahead of a year ago. New beet sugar is on the market.

Demand in the latter part of the year has not been so good on account of the comparatively poor fruit crops with less home and factory canning. With a general improvement in business and less unemployment, sugar consumption should easily be as good as last year if not better.

There's no let-up in the competition among larger food chains. It is not confined to price alone but to store equipment and efficiency. Big strides have been made in the past ten years with the market type store—all kinds of food under the one roof—but the last year has perhaps shown greater advances in layout and appearance than in the five years previously. One of the newer developments is the "electric eye" that opens and shuts doors as customers enter and depart with their parcels. Air-conditioning is being introduced into the finer markets. So are quick frozen foods which after a slow start have reached a tremendous volume in United States.

Stores also are going in for non-food products—motor oil, cigarettes, safety razor blades and other items. Some are stocking high class fancy lines and the tendency to close the small units and open fewer bigger all-round market stores proceeds.

## Price Competition Keen

Price competition among the chains seems to be just as keen as it was a year ago. It breaks out all of a sudden here and there. Naturally this is resulting in reduced gross margins or mark-ups, so companies have either to increase volume or reduce overhead or both to maintain profits.

Government figures recently showed that sales of grocery, combination, and meat stores in 1939 totalled $127 millions, compared with $120 millions in the previous year, an increase of 5.4%.

Four companies out of a total of 87 last year did 63% of the total business—$81.4 millions. The estimates are: Loblaw's, $27 millions, Dominion Stores $19.9 millions, A & P $17.5 millions and Safeway $17 millions.

Last year it was only in Quebec province where chain sales declined. They were down 9.2%. Manitoba showed the greatest increase over 1938, 16.9%.

The Dominion Bureau of Statistics will next year take a complete census of retail distribution covering everybody and it will no doubt be seen that independent grocers also showed an increase in volume in 1939. The chain figure of $127,890,000 topped the previous biggest year (1930) and it may be that the total 1940 food sales will be found to be close to that year.

Beginning of the war started a run on food stores across the country. The public became panicky and those who had the money laid in heavy stocks of sugar, canned foods, tea, etc. However, the Wartime Price and Trade Board stepped into the picture and prevented runaway markets at the time.

## Dairies Expect Better Year

Domestic demand for milk has been better. Further increase in sales is looked for during the next year.

Cheese is a concentrated food and has also been taken in larger and larger quantities by Great Britain. From the beginning of May to Oct. 5 cheese exports increased by 229,696 boxes over the same period of a year ago. Total exports between those two dates were 809,329 boxes.

The extra demand for cheese is helping out butter, which sold at low prices most of the summer. In the past few weeks the butter market has advanced 5 or 6 cents per pound. Exports of canned milk are higher, as indicated by an increase in production, which totalled 159 million pounds in the eight months ended Aug. 31, compared with 112 million pounds in the same period of 1939. All in all, indications point to a good year for the dairy industry in 1941.

So far there has not been much difficulty in importing foods from the United Kingdom. These include fancy biscuits, meat sauces, jams, marmalades and confectionery.

But the war has upset sources of supply of other products. For obvious reasons we are getting no Norwegian sardines—instead from Portugal; nor is there any Italian or French olive oil coming in; Italy has lost her market here for lemons, certain kinds of nuts, canned tomatoes; teas from India and Ceylon sometimes take months to arrive and prices are up. We are switching raw coffee purchases from British East Africa more and more to Brazil and other South American countries.

Such foods as coffee and cocoa are cheap in primary markets. Europe can't get them because of the British blockade. On the other hand many of these products are purchased in United States funds, thus adding 11% exchange, 10% war import tax, 8% sales tax on the duty paid values—almost or entirely offsetting the lower prices.

A development of interest in the food industry during the past year has been the organization of the Canadian Food Council. It includes representatives of fruit and vegetable growers, independent retailers, wholesale fruit merchants and chain store companies. There are two main objectives:

1. To provide a better return to the grower.
2. To cut down on imports of fresh fruits and vegetables.

Some interested in the Council are anxious to see government legislation fixing minimum mark-ups on fruits and vegetables as well as other food products but it doesn't look as if this will be realized, at least not for some time. Wholesale fruit men are being discouraged from importing too many fresh fruits and vegetables and from all accounts more home-grown are being used. The Canadian Food Council has the tacit approval of the Dominion Trade and Industry Board and was organized under its supervision.

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## Shopping to Help Win the War

By HELEN G. CAMPBELL
Director, Chatelaine Institute

Money counts in winning the war. Your money and mine, for dollars spent in the right places work to our own and our country's advantage.

Canadian housekeepers in their job of catering to the nation can serve effectively on the economic front. The wartime budget reaches into every home in the Dominion and gives every Canadian woman new opportunities for service in solving two vital problems.

One is, how to plan so that each dollar may be used to the best possible advantage.

The other—how to use this shopping power to help Canada.

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## 'BY GRACE OF GOD AND NAVY, WE EAT'

London, Oct. 16—(CP)—Lord Woolton, minister of food, offered a new grace today at the national defense committee luncheon: "By the grace of God and the vigilance of the Royal Navy, the courage of the mercantile marine, the devotion of dock laborers and transport workers and food traders, and the patient efforts of farmers, these good things have been brought to our table, and for these benefits we thank God."

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## Nine Key Factors Affect Outlook

1. Better domestic business in foods due to war business and greater employment.
2. Food price trend mixed because of the heavy wheat holdings and curtailment of markets. This will tend to hold down prices of flour, all kinds of cereals, macaroni.
3. Strong market in canned fruits and vegetables, regardless of exports, due to short packs caused by adverse weather.
4. Difficulties ahead in 1941 for the canning industry as well as others with labor shortages looming up, higher wages, higher costs of materials.
5. Continuation of imports of foods from United Kingdom.
6. Continued heavy exports of bacon, cheese, canned milk to Great Britain and a steady flour trade; renewal, perhaps, of canned food exports now under ban with exception of canned salmon.
7. Low prices in primary markets for many imported foods; offset to some extent by exchange, war taxes, shortage of shipping.
8. Outlook for dairy industry good.
9. Improvement in stores operated by chains, heavier sales, but keen price competition to continue, resulting in tendency to reduce gross profits.

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## Index and Highlights of Profit Picture For Some 60 Food Firms

**Acadia Sugar**—Public interest in new company confined to 4½% and 6% bonds. *Page 17*
**Acme Farmers**—Expects improvement in earnings in current fiscal year, compared with last. *Page 16*
**Atlantic Sugar**—Operations have returned to more normal level, after heavy early-war demand. *Page 17*
**Barker's Bread**—Extends lines of goods and territories served. *Page 19*
**Blue Ribbon**—Earnings at highest level since 1931. *Page 17*
**Borden Co.**—Profits last year at highest since 1930, but reported off in early part of 1940. *Page 16*
**B. C. Packers**—Net in latest fiscal year highest since 1929. *Page 18*
**Burns & Co.**—Shows better earnings, but outlook depends much on bacon deal with United Kingdom. *Page 18*
**Burry Biscuit**—Adjusts plant and expands distribution in effort to re-establish earning power. *Page 19*
**Buywell Food Markets**—No preferred dividends since 1935. *Page 14*
**Canada & Dominion Sugar**—Substantial growth in business, but price situation disturbing. *Page 18*
**Canada Bread**—Adversely affected by increases in costs and holding down of bread prices. *Page 19*
**Canada Packers**—Earnings at high level, and prospects good for further improvement. Depends much on United Kingdom bacon agreement. *Page 18*
**Canada Starch**—Pays $1 on common this year, compared with 25 cents in 1939 and nil in 1938. *Page 17*
**Canada Tea**—Preferred stock years in arrears, but makes recent payments. *Page 14*
**Canada Vinegars**—Earnings hit by heavy taxes and dividend rate cut. *Page 17*
**Canadian Canners**—Earnings show substantial improvement. Loss of British market offset by better domestic demand. *Page 18*
**Canadian Bakeries**—Profits better, but not by as much as expected and new preferred goes into arrears. *Page 19*
**Carnation Co.**—Expands Canadian and United States plants to increase further present high earnings level. *Page 16*
**Catelli Food**—Plant space increased to cope with substantial improvement in domestic and export business. *Page 17*
**Connors Bros.**—Expected to maintain earnings, in spite of loss of foreign markets. Domestic business better. *Page 18*
**Consolidated Bakeries**—Reports improvement in net earnings in each year since 1932. *Page 19*
**Crescent Creamery**—Earnings at better level, but net figure still in red. *Page 16*
**Dairy Corp.**—Does better and simplifies capital structure with view to eliminating unnecessary expenses. *Page 16*
**David et Frere**—Enabled by higher earnings level to increase dividend on class A stock. *Page 19*
**Dominion Bakeries**—Directors are of the opinion company should be wound up, assets distributed. *Page 19*
**Dominion Stores**—Shows better earnings from reorganization of policy and methods. *Page 14*
**Dover Industries**—Succeeds Robinson Cone and other companies. *Page 19*
**Eastern Bakeries**—Continues to pay preferred dividends, which are guaranteed by Maple Leaf Milling. *Page 19*
**Eastern Dairies**—Earnings at better level and further improvement expected. *Page 16*
**Edmonton City Dairy**—Only public interest in new company in 5¼% bonds. *Page 16*
**Fanny Farmer**—Sales last year were at a new high and new stores added. *Page 14*
**Highland Dairy**—Reorganizes to cut dividend rate on preferred stock to 5%. *Page 16*
**Honey Dew**—Expansion and modernization programmes result in better sales and profits. *Page 17*
**Hunt's Ltd.**—Sales higher, but because of increased costs profits did not keep pace. *Page 14*
**Inter-City Baking**—Business volume satisfactory, but margin of profit reduced. *Page 19*
**International Milling**—Maintains profits at record level. *Page 15*
**Jenkins' Groceteria**—Improves profits and maintains preferred dividends. *Page 14*
**Lake of the Woods**—Earnings show improvement, but higher taxes adversely affect net result. *Page 15*
**Laura Secord**—Maintains its strong financial position. *Page 14*
**Loblaw Groceterias**—Upward trend maintained in profits and sales; stores expanded. *Page 14*
**Loblaw Inc.**—Adds stores and continues to increase profits. *Page 14*
**McCormick's**—Public interest confined to 4% and 4½% bonds, guaranteed by George Weston. *Page 19*
**Maple Leaf Milling**—Volume of business continues to increase. *Page 15*
**Maritime Fish**—Current position better than for some time past, with prices up and volume better. *Page 18*
**Moirs**—War boom in Halifax area stimulates sales substantially. *Page 19*
**Muirheads**—Feels benefit from changes in operating methods and economies. *Page 17*
**National Biscuit & Confection**—This Vancouver company's profits hold. *Page 17*
**National Grocers**—Profits maintained at record level. *Page 14*
**Ogilvie Flour**—Business volume heavier, due largely to United Kingdom purchases. *Page 15*
**Quinte Milk**—Holds upward trend in earnings, and increases dividends. *Page 16*
**St. Lawrence Flour**—Earnings hold at satisfactory level and extra dividend paid. *Page 15*
**Silverwood Dairies**—Undertakes substantial expansion to cope with heavier sales volume. *Page 16*
**Stop & Shop**—Receives no immediate benefits from better business of operating subsidiary. *Page 14*
**Thrift Stores**—Reduces its number of stores, but increases profits. *Page 16*
**Toronto Dairies**—Operates on co-operative lines between producer and consumer. *Page 16*
**United Dairies**—Operates in Alberta and British Columbia. *Page 16*
**Viau Ltd.**—Continues to increase earnings and adds to equipment. *Page 19*
**Western Canada Flour**—Position improved by United Kingdom demand for flour. *Page 15*
**Western Grocers**—Has shown steady increase in business and profits in recent years. *Page 16*
**Weston, George**—Expands plants and continues to show substantial growth in business. *Page 19*
**Willard's Chocolates**—Controlled by Blue Ribbon Corp., with only small public interest. *Page 17*
**Wilsil**—Does better, with export demand an important factor. *Page 18*

# Merchandisers Expand to Meet Increased Sales

## Continued Advances in Business Foreseen in Coming 12 Months

Two factors have been responsible for the adoption by food merchandising companies of expansion and modernization programmes. First is the anticipation of a further increase in sales volume during the next 12 months, as compared with the past year. Second is the keen competition prevalent in the industry.

Earnings have shown an increase from prewar levels. Continuation of the upward trend is anticipated.

Competition has resulted in further development of the market type store, carrying all lines of foods as well as certain non-food products.

### Buywell Foods

Buywell Food Markets, which operates a chain of four retail food stores in Montreal, does not make public its statement of earnings. Consequently it is difficult to appraise the position of the company. On the other hand, earning power is known to be limited, as no dividends have been paid on the preferred stock since August, 1935.

**Directors**—M. Zahler, pres.; C. Burns, vice-pres.; J. H. Magid, treas.; P. Bermingham, sec.; H. N. Chauvin, Montreal.

### Canada Tea

Canada Tea Co., Toronto, is engaged in the wholesale and retail business of tea, coffee, spices and similar lines in a number of Ontario cities.

The company does not publish statements of income and expenditure, but reported a surplus of $181,944 at June 3, 1939. Arrears on the 7% preference stock totalled 66% at Dec. 15, 1939, after 2% was paid on each of July 20 and December 15.

### Dominion Stores

Operations of Dominion Stores Ltd., which began to show improvement during the final quarter of 1939, have continued on an improved basis so far in the current year. It is understood results for the first six months in 1940 were considerably better when compared with the same period of 1939.

Operating costs have been slightly reduced and the new "super" markets are said to be exceeding expectations. Modification of chain store taxes in the Province of Quebec is expected to affect favorably the company's operations this year.

Gross sales in 1939 of $19.9 millions were up almost 6% from the previous year. Operating expenses were reduced by a substantial margin, and net loss of $125,207 was down about $24,000 from the previous year. Contributing to the loss were non-recurring expenses, incident to the company's reorganization plan.

No dividends have been paid since 1935.

Merchandising methods are undergoing far-reaching changes, involving the opening of new groceteria-style units, conversion of existing stores to this type, and the closing of unprofitable units. Other changes include restriction of credit, delivery and service type units and elimination of unnecessary work to increase the volume of sales per man.

Decentralization has been brought about by dividing operations into six districts. This plan was established during the latter half of 1939 and already has demonstrated its effectiveness, according to the president.

**Directors**—E. G. Wills, chm.; J. W. Horsey, pres.; Toronto; R. O. Johnson, vice-pres.; Francois Faure, Mme. P. F. Casgrain, Montreal; N. L. Nathanson, S. G. Bennett, R. R. Corson, Toronto; J. B. Jameson, Concord, N.H.
**Vice-pres.**—L. D. Squair.
**Sec.-treas.**—G. Nicol.
**Asst. sec.**—C. W. Foster.

Some 8,200 firms in Canada are engaged in the processing or packing of food products for the 125,000 retail outlets, ranging from this "corner shop" to the modern supermarket.

## Food Merchandising Securities

**Stocks:**

| | Outstand. $ | Earned per Share 1939 $ | Earned per Share 1938 $ | Div. Rate $ | Price Range —1939-40— High | Price Range —1939-40— Low | Last Price | Yield % |
|---|---|---|---|---|---|---|---|---|
| **Buywell Food Markets:** | | | | | | | | |
| 1st pref. 7%, par $10 | 45,080 | Not avail. | | nil | ... | ... | ... | ... |
| Com., n.p.v. | 200,000 sh. | | | nil | ... | ... | ... | ... |
| **Canada Tea:** | | | | | | | | |
| Pref. 7%, par $100 | 171,400 | Not avail. | | *4% | ... | ... | ... | ... |
| Common, par $100 | 331,200 | | | nil | ... | ... | ... | ... |
| *Paid in 1939. | | | | | | | | |
| **Dominion Stores:** | | | | | | | | |
| Pref. 6% cum., par $100 | †5,000,000 | ... | ... | ... | ... | ... | ... | ... |
| Com., n.p.v. | 280,014 sh. | d0.45 | d0.53 | nil | 7¾ | 3 | 5 | ... |
| †Authorized, none outstanding. | | | | | | | | |
| **Fanny Farmer Candy Shops:** | | | | | | | | |
| Com., par $1 | *374,861⅓ | 2.56 | 2.35 | †1.50 | 30 | 19 | 26½ | 5.7 |
| *Outstanding in hands of public. In addition company has purchased and registered in its own name 25,138⅔ shares. †An extra of 25 cents paid in 1939. | | | | | | | | |
| **Hunt's Ltd.:** | | | | | | | | |
| Cl. A non-vot., n.p.v. | 18,656 sh. | d1.55 | d1.19 | nil | 11 | 1 | 4 | ... |
| Cl. B vot., n.p.v. | 15,000 sh. | | | nil | 10⅝ | 2 | 6 | ... |
| **Jenkin's Groceteria:** | | | | | | | | |
| Pref. 7% cum., par $100 | 472,600 | 10.86 | 7.46 | 7.00 | ... | ... | ... | ... |
| Com., n.p.v. | 20,000 sh. | 0.91 | 0.09 | nil | ... | ... | ... | ... |
| **Laura Secord:** | | | | | | | | |
| Com., n.p.v. | 287,500 sh. | 1.00 | 0.81 | 0.80 | 13¼ | 9 | 11½ | 6.9 |
| **Loblaw Groceterias Inc.:** | | | | | | | | |
| Common, par $6 | 336,492 sh. | *0.89 | ... | 0.80 | ... | ... | ... | ... |
| *For 53 weeks ended March 2, 1940. | | | | | | | | |
| **Loblaw Groceterias:** | | | | | | | | |
| Cl. A, cum. red., n.p.v. | 445,056 sh. | *1.64 | *1.49 | †1.00 | 29 | 20 | 26½ | 4.7 |
| Cl. B, n.p.v. | 383,300 sh. | | | †1.00 | 27¼ | 20 | 25½ | 4.9 |
| *For years ended June 1, 1940 and May 27, 1939. †Extra of 12½ cents paid June 1, 1940. | | | | | | | | |
| **National Grocers:** | | | | | | | | |
| Pref. $1.50 cum., par $20 | 150,000 sh. | *4.00 | *2.97 | 1.50 | 26¼ | 22 | 25 | 6 |
| Com., n.p.v. | 295,852 sh. | 1.08 | 0.74 | nil | 8½ | 4¼ | 4⅞ | ... |
| *For years ended Mar. 31, 1940 and 1939. | | | | | | | | |
| **Stop & Shop:** | | | | | | | | |
| Pref. cum. part., par $10 | 555,550 | Not avail. | | nil | ... | ... | ... | ... |
| Com., n.p.v. | 49,841 sh. | | | nil | .75 | .10 | .25 | ... |
| Bondholders' pf., par $1 | 4 sh. | | | nil | ... | ... | ... | ... |
| **Thrift Stores (Controlled by Stop & Shop):** | | | | | | | | |
| 1st pref. cum. red., par $25 | 342,750 | *4.17 | *d1.31 | nil | 12 | 2½ | 9½ | ... |
| 2nd pref. cum. red., par $10 | 120,000 | 2.91 | d3.36 | nil | ... | ... | ... | ... |
| Ordinary, n.p.v. | 20,000 sh. | 1.32 | d2.43 | nil | 2.00 | .20 | 2.00 | ... |
| *For years ended Mar. 30, 1940 and Mar. 25, 1939. | | | | | | | | |
| **Western Grocers:** | | | | | | | | |
| Pref. cum. part., par $100 | 1,194,300 | 18.98 | 14.70 | 7.00 | 114 | 103 | 105 | 6.7 |
| Com., n.p.v. | 16,943 sh. | 8.45 | 5.43 | 3.00 | 62 | 40 | 45½ | 6.6 |

**Bonds:**

| | Int. Rate % | Maturity | Outstand. $ | Times Int. Earned After Deprec. 1939 | Times Int. Earned After Deprec. 1938 |
|---|---|---|---|---|---|
| **National Grocers:** | | | | | |
| 1st Mtge. closed ser. | 4 | 1936-47 | 800,000 | 19.88 | 15.13 |
| **Stop & Shop:** | | | | | |
| 1st Mtge. S. F. | *3 | 1947 | 490,500 | 1.01 | 0.92 |
| 2nd Mortgage | *3 | †1947 | 86,900 | | |
| *Rate changed from 6% to 3%. †Extended from Dec., 1939. | | | | | |

### Hunt's Ltd.

Sales of Hunt's Ltd., in the first seven months of 1940, were about 3% higher than in the same period of 1939. Because of increased costs, however, profits did not keep pace with sales.

During the past year and a half, the company has been changing its policy. About $60,000 was spent in 1939 in modernizing its stores. Eleven Toronto stores were changed over to the new type unit, to sell only candy, pastry and ice cream. Restaurants have been closed out. One Ottawa store is selling candy only.

Sales of $1.2 million for 1939 were down slightly from the previous year. Net income of $1,366 is off about $15,000 from 1938.

**Directors**—H. W. Hunt, pres. & man. dir.; L. K. Hergert, sec.-treas.; J. H. Ratcliffe, Muriel G. Laidlaw, all of Toronto; Fred T. Brooks, Hamilton, Ont.

### Fanny Farmer

Sales of Fanny Farmer Candy Shops in 1939 were at a new high. Net profit was equivalent to $2.56 a share compared with $2.35 in 1938. Payment of an extra dividend of 25 cents in December brought total dividends to $1.75 for the year. The quarterly rate of 37½ cents a share has been maintained since April 1, 1939, when it was increased from 25 cents.

Number of stores was increased by 20 during 1939. This means a total of 258 in the eastern and middle western United States.

Management is confident of continued progress and of retaining the high position which the company has set in the past. Current sales are at about a record high.

The strong liquid position was further improved in 1939. Working capital of $1.4 million at the end of the year was up about $75 from a year previous. New manufacturing studios were opened at Harrisburg, Penn.

**Directors**—J. D. Hayes, pres. and chmn.; J. F. Burke, vice-pres. and asst. to pres.; J. P. Hogan, sec., Rochester; R. R. Corson, Toronto; C. H. McLean, Montreal.
**Vice-pres.**—M. I. Farrell, Brooklyn, N.Y.; J. F. Cronin, Minneapolis, Minn.
**Treas.**—W. E. McFadden, Rochester.

### Jenkins' Groceteria

Jenkins' Groceteria Ltd., with subsidiaries, operates a chain of 37 grocery stores in Alberta. It also operates a baking plant, coffee warehouse and fruit business.

Net profit of $51,325 in 1939 was up from $35,454 in the previous year. Dividends have been paid regularly on the preferred.

**Directors**—H. M. Jenkins, pres. and gen. mgr.; P. A. Carson, sec.-treas.; John Ross.

### Laura Secord

Laura Secord Candy Shops, Ltd., is engaged in the manufacture and retail distribution of chocolate products and confections through its shops in Ontario and Quebec.

Official information of results for the year ended Sept. 30 has not yet been issued. Subject to heavier taxation, however, they are likely to be somewhat better in line with generally bigger purchasing power.

Financial position is strong, with cash and investments of $1.6 million at the end of last September, comparing with total current liabilities of $59,169. The company has established an excellent record for stable earnings even during the depression years. In the 12 months ended Sept. 30, 1939, earnings equalled $1 a share on the common stock, while dividend payments totalled 80 cents.

Public interest in the company has been somewhat enlarged since the sale of the shares formerly held by the late Senator F. P. O'Connor in 1938. At the time of this offering, the shares were split on a five for one basis.

**Directors**—J. D. Hayes, pres. and gen. mgr.; C. P. Moher, vice-pres.; R. R. Corson, vice-pres.; J. F. Lash; C. H. Ellston, sec.-treas., Toronto.
**Vice-pres.**—A. A. Audette, Montreal.

### Loblaw Inc.

Loblaw Groceterias, Inc., reports improvement in sales and earnings for the seven months ended Sept. 30, as compared with the same period of the previous year. Fiscal year ends at the end of February next.

The company operates a total of 116 stores in the United States. Nine new ones have been added since last March. Modernizing of other units is taking place.

Net profit for the 53 weeks ended March 2, 1940, amounted to $298,268. Dividends of 80 cents per share have been paid during the year.

**Directors**—F. K. Morrow, pres., Toronto; J. R. Peachey, vice-pres., Buffalo; S. G. Score, treas., Snyder, N.Y.; Daniel Urquhart, W. G. Watson, R. S. McPherson, Toronto; J. F. Harter, Eggertsville, N.Y.
**Sec.**—C. H. Greene.
**Asst.-sec.**—M. D. Gleason.

### National Grocers

Business of National Grocers Co. in the first five months of the current fiscal year which ends March 31, next, was at least as good as in the corresponding period of 1939. Uncertainty as to the effect of the new taxes and general war contributions, however, has caused the directors to decide against payment of a common dividend.

The company operates as a wholesale distributor of groceries in Ontario. It has more than 10,000 retail grocers as customers. Net profit of $599,493 in year ended March 31, last, was the highest on record and up about $154,000 from the previous year. A dividend on the $50 preference shares has been paid regularly since the initial distribution was made April 1, 1939. No dividends have been paid on the common stock.

Position of the common stock improves with operation of the preference sinking fund and again through the continued retirement of the company's serial bonds.

**Directors**—Archie Foster, pres. & chm. of board; M. D. Lemon, vice-pres.; T. H. Kinnear, sec.-treas; David Blain, T. J. Medland, A. Marland Woolnough, Toronto; W. G. McLauchlan, Owen Sound; A. J. Major, Ottawa; Hon. George Gordon, North Bay; W. H. Kenny, Sarnia; H. L. McNally, gen. mgr.
**Compt. and asst. sec.-treas.**—R. H. Bainard.

### Loblaw Groceterias

J. Milton Cork, president, Loblaw Groceterias Co., reported at the annual meeting in September that sales in the first 3½ months of the current fiscal year, which commenced June 2, last, have been somewhat higher than in the corresponding period of 1939. The president stated it was difficult to forecast the future, but he felt the company should continue to enjoy good business.

The organization is one of the most successful grocery and meat chain businesses on the continent. Its operations are confined to Ontario, and stores total 114.

The company is following a policy of modernizing and enlarging stores. Eighteen units have been affected this year, while two completely new ones are being opened.

Record of earnings has been excellent since the formation of the company, and it has continued to expand operations. In the year ended June 1 last, the best earnings in 20 years were shown. Net profit was equivalent to $1.64 as against $1.49 of the combined class A and B stock in the previous year.

During the latest fiscal year investment in Loblaw Groceterias Inc. was sold, netting the company a profit of $166,724.

**Directors**—J. Milton Cork, pres.; C. B. Shields, vice-pres. and gen. mgr.; Daniel Urquhart, vice-pres.; Justin M. Cork, vice-pres. and asst. gen. mgr.; R. G. Meech, sec. and treas.; W. E. Cork, Toronto; W. A. Arbuckle, Montreal.

### Stop & Shop

Stop & Shop, Ltd., is a holding company, controlling Thrift Stores Ltd. The Thrift company operates a chain of retail grocery stores and meat and grocery stores in Montreal and vicinity and Ottawa.

Net loss of Stop and Shop of $677 in the year ended April 30, last compared with loss of $2,080 in the previous 15 months. Dividends on the preferred stock are in arrears from July 4, 1932, except for 50 cents paid on account in 1934.

Sale of three properties was car-

(Continued on page 16)

THE WORLD'S FINEST
True Sea-Tang Flavor
CLOVER LEAF SEAFOODS
—canned fresh from the cold waters of the Pacific, have earned the reputation as the world's finest.
Today, Canadians know that to enjoy seafoods at their best they must insist on "Clover Leaf".
British Columbia Packers Limited
CLOVER LEAF SALMON
CLOVER LEAF CLAMS
CLOVER LEAF SALMON
CLOVER LEAF OYSTERS
CLOVER LEAF SALMON
CLOVER LEAF SALMON KING
CLOVER LEAF PILCHARDS
CLOVER LEAF HERRINGS TOMATO SAUCE

MORE DISPLAY
DO RETAILERS GIVE *YOUR* PRODUCTS PREFERRED POSITION?

Consider your retailers as good businessmen. Naturally, they give preferred positions on their counters and shelves to the products they think will sell best. Win preferred position for your products by sending them to the retailers in colorful, sales making **H&D** shipping boxes. Dealers use them to make attractive floor and counter displays . . . advertising your products at point-of-sale. Investigate this idea.

**HINDE & DAUCH PAPER CO. of Canada, Limited**
Toronto Trenton Montreal

"The Greatest Name In The Dairy Industry"

HERE IS NEWS of a great contribution to the industrial life of Canada. It is the story of The Borden Company Limited and its achievements in raising the standards of the Canadian dairy industry.

First, Borden's is essentially a Canadian home institution. In 1939 Borden's paid out $3,543,086 in wages to 2,654 Canadian full-time employees. The Company spent $10,961,840 for dairy products, wages, and taxes. Nearly 1,500 Canadians are stockholders.

Borden's is a great family of dairy products. The Company has developed such markets for them that milk is now the leading agricultural product in Canada. Following founder Gail Borden's ideal of absolute cleanliness in production, handling and manufacture, the Company demanded higher standards, instituted veterinary supervision of dairy farms, and introduced rigid Quality Control. Borden's have furthered the development of pasteurization and homogenization, and today in the provinces of Ontario and Quebec, Borden's milk and ice cream are unsurpassed for purity and nutritional value.

The market open to Canadian milk producers has been greatly expanded by such Borden products as evaporated milk and sweetened condensed milk. Borden's powdered milks are especially valuable and convenient in those fields of Canadian industry where fresh milk is unobtainable or hard to get. The fine flavour and unvarying purity of Borden's Chateau cheeses have helped to give Canada high place among leading cheese-producing countries.

Borden's want dairy farmers to get sound prices for their produce, and dealers to earn decent profits. Borden employees receive good wages and proper treatment. Borden's are bringing Canadian consumers the best possible milk products at the lowest possible prices.

Since its foundation 83 years ago, the Borden Company has worked to this policy and will continue to contribute toward the achievement of nation-wide prosperity in Canada.

*If it's Borden's it's got to be good*

THE BORDEN COMPANY LIMITED

HEAD OFFICE: *Spadina Crescent, Toronto*
CITY DAIRY DIVISION, *Toronto* OTTAWA DAIRY DIVISION, *Ottawa* HAMILTON DIVISION, *Hamilton*
CHATEAU CHEESE DIVISION, *Ottawa* NIAGARA DIVISION, *Niagara Falls* WALKERSIDE DIVISION, *Windsor*
FARM PRODUCTS DIVISION, *Montreal*

383

Canadian in Origin
INTERNATIONAL
in Reputation

George Weston Limited, thoroughly Canadian in origin, has become, in a remarkably short period of time, one of the world's greatest baking enterprises. Weston's biscuits are manufactured and sold throughout Canada, the British Isles and the United States, and enjoy a reputation for quality that is a tribute to an organization with a sturdy Canadian foundation supported by a determination to produce products of the highest quality.

People everywhere continue to buy Weston's biscuits in increasing quantities — they have learned to rely on the traditional quality that has made them favorites with Canadians, Americans and the people of the British Isles.

Weston's
ENGLISH QUALITY BISCUITS
GEORGE WESTON LIMITED, TORONTO, CANADA

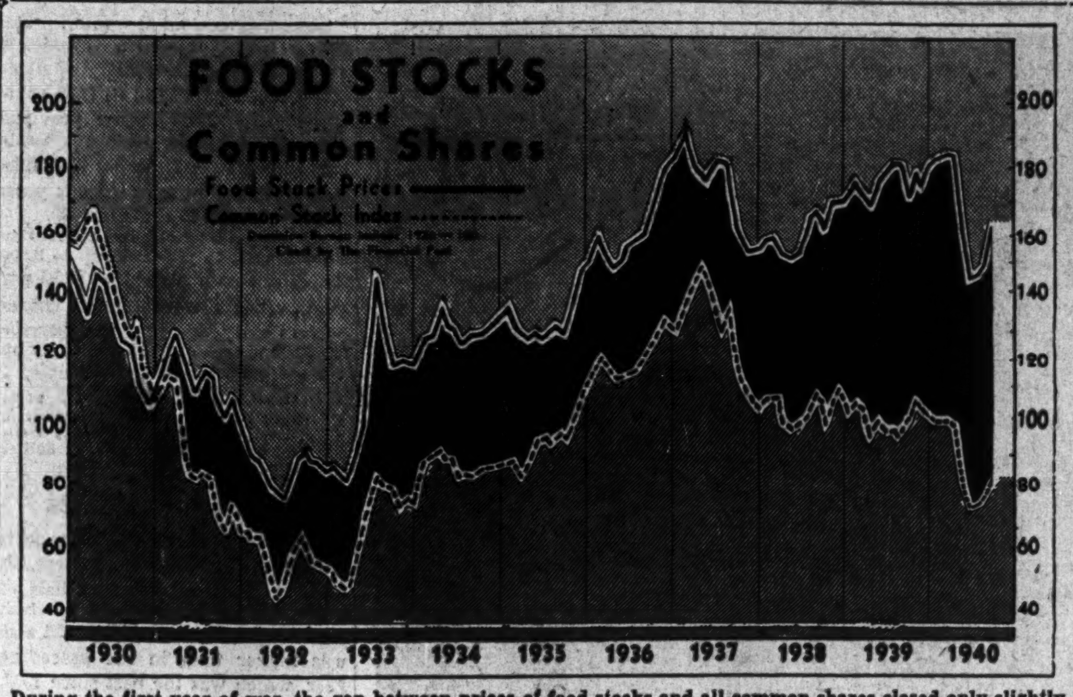
# Milling Companies Hopeful That Improved Demand Will Continue

## Domestic Business is Better
## Export Outlook is Favorable

Canadians are eating more bread and cakes than a year ago as a result of the more numerous and larger payrolls provided by expanded industry. Continuation of the war next year should see this demand maintained—possibly expanded, due to the prospect of even bigger payrolls. Operations of mills have been at near capacity in recent weeks.

Foreign markets, except for the West Indies and Britain, have been lost by Canadian millers. But British demand has been very heavy, and demand for Canadian flour can be expected to increase. Assuming Britain holds off the Nazi hordes next year, the outlook for this market can be regarded by Canadian millers as good.

Shifting of the Government's new processing tax from the miller to the baker has improved the position of milling companies.



**During the first year of war, the gap between prices of food stocks and all common shares closed only slightly. Food quotations rose almost to the highs of 1937 early this year. A sharp drop came after the invasion of the low countries last May, and only about half the decline has been recovered.**

### Inter. Milling

International Milling Co. report for the fiscal year ended Aug. 31, due this month or early in November, probably will show as good or better earnings than in 1938-39, according to F. A. Bain, president. The Canadian subsidiary, Robin Hood Mills Ltd., however is expected to show somewhat lower earnings than in the prior year.

The company operates a number of mills in Canada and the United States, serving the domestic markets of both countries. Under normal conditions an export business is carried on with the United Kingdom, Norway, the Orient, West Indies, Central and South America and Africa.

Net profit of over $1.9 million in the year ended Aug. 31, 1939, was 2¼ times the 1937-38 figure. It was substantially ahead of any previous year since the company was organized in 1923.

Robin Hood operates mills in Calgary, Moose Jaw and Saskatoon. The first of two units in a new mill being built at Humberstone, Ont., has started operations. Each unit has capacity of 1,000 bbls. of flour per day. Second unit of the plant is expected to be ready about the end of November. A new elevator also is being constructed at Humberstone and while not completely finished, is in operation sufficiently to keep one unit of the mill going.

The new mill is designed for eastern Canadian and export trade. Robin Hood always has been engaged in both these fields, so it involves no new departure, but instead represents reallocation of capacity. The unit at Factoria, Sask., which had not been operating to any great extent, has been dismantled.

Dividends on the 5% first preferred stock of International Milling have been paid regularly on a quarterly basis, since its issuance in 1935.

**Directors**—F. A. Bean, pres.; Charles Ritz, vice-pres., Montreal; J. J. Kovarik, vice-pres., Buffalo, N.Y.; J. M. Bruzek, vice-pres.; P. B. Hicks, vice-pres.; Atherton Bean, vice-pres.; F. V. Spofford, sec.; Minneapolis.

### Lake of Woods

Lake of the Woods Milling Co.'s consolidated net operating profit for the year ended Aug. 31 last exceeded $1 million. The volume of sales from the domestic market was maintained, but competition for business mills was severe.

The favorable showing last year was due to export trade, principally with the United Kingdom, which brought about a considerable increase in grind of Canadian flour.

This heavy grind is entirely a war condition, F. S. Meighen, president, points out, and it would be unwise to believe that it will continue indefinitely.

Current operations of the company are well maintained. Outlook for the current fiscal year depends upon the volume of sales in the United Kingdom. Because of the many factors involved it is impossible to forecast just what the trend is likely to be, but a restriction of sales to that market would have a definite bearing on earnings inasmuch as there are no other major export markets open to the Canadian millers.

Financially the company held a stronger position at the end of last August, with net working capital amounting to nearly $1.3 million. Bank loans increased by $500,000 but there was an even larger gain in inventories which stand at $1.6 million.

Because of the relatively good earnings and improved financial position, the company declared a dividend of 50 cents a share on the common stock last year.

**Directors**—F. S. Meighen, pres.; Hugh MacKay, vice-pres.; C. H. G. Short, gen. mgr.; R. W. Reford, Walter Molson, P. F. Sise, Hon. Alphonse Raymond; Montreal; I. Pitblado, G. W. Allan, Winnipeg; J. W. Hobbs, Toronto; J. H. Pillman, London, Eng.
**Sec.**—D. A. MacInnes.
**Treas.**—R. R. Hutchinson.

### Maple Leaf Milling

Figures of earnings of Maple Leaf Milling Co. for the fiscal year ended July 31, last, will be available shortly. Judging from the position of the flour industry in general, they are likely to show improvement over the 1938-39 period. The net result is uncertain, however, in view of the need for providing for greatly increased taxes.

Net profit of $394,023 in the 1938-39 year was by far the best 12 months reported since 1929. It compared with loss of $165,731 in the previous year. Cash interest was earned 3.96 times and all interest 3.39 times after depreciation. The improvement resulted from better volume in both domestic and export business.

A new arrangement with bondholders and bankers was made last year, replacing one which expired in 1938. Maturity of the bonds was extended to Dec. 1, 1958, and interest thereon made payable in cash at the rate of 3% to Dec. 1, 1943. Interest on the deferred bank loan is payable in cash at 2½% until 1943.

The arrangement also requires the company to pay to the trustee for the bondholders for the sinking fund 70% of the amount by which working capital exceeds $1,750,000 on Sept. 30 each year. The other 30% must be applied on No. 2 bank loan. Working capital, as defined in the trust deed, amounted to $1.3 million at July 31, 1939.

Plans to replace the mill, destroyed by fire at Kenora, with a new unit in Winnipeg were deferred last year. Instead, the company arranged to try the experiment of utilizing the existing surplus capacity of a competitor company in the interests of rationalization of the milling industry.

**Directors**—D. C. MacLachlan, pres. and gen. mgr.; A. C. Matthews, vice-pres.; E. Bristol, J. L. Henderson, C. E. Soward, K. F. Wadsworth, Toronto; G. W. Stepan, Montreal; E. E. Buckerfield, Vancouver; H. E. Sellers, Winnipeg.
**Sec.**—G. H. Hand.

### Ogilvie Flour

Ogilvie Flour Mills financial statement for the year ended Aug. 31 last is expected to show an improvement over the 1939 fiscal year, when operating profits amounted to $530,269 and income from other sources around $900,000. As was the case in the other major milling companies, the volume of domestic business was satisfactory over the past 12 months, but competition was keen and profits not as large as normally would be the case. On the other hand, there was a sharp increase in export business, largely on account of United Kingdom purchases.

It is difficult to size up investment results for the past year because of the rather unsettled financial markets. Over a period of years Ogilvie Flour has built up a large investment portfolio which makes an important contribution to earnings of the company. For example, in the 1939 fiscal year investment income amounted to $242,464 and profit on investments sold $124,930.

In addition to its own milling operations and investments, Ogilvie has a substantial stake in subsidiary enterprises. These take the form of baking companies, shipping companies, etc., and revenue derived from this source normally runs around $500,000 a year.

Currently operations of the company have been involved somewhat by the processing tax which the Dominion Government expects the millers to pay. As this charge is basically unsound, it has not yet been enforced in full and attempts are now being made to arrive at an equitable solution. With the processing tax uncertainty cleared up, operations of Ogilvie and the other milling companies will return to a more or less normal basis so far as the domestic market is concerned. In respect to export sales, prospects depend on so many factors that it is impossible to make other than a short term forecast.

**Directors**—Hon. C. A. Dunning, pres.; G. A. Morris, vice-pres. and gen. mgr.; R. R. Dobell, Sir Montagu Allan, Sir Herbert S. Holt, E. B. Hosmer, Beaudry Leman, Morris W. Wilson; Montreal; F. K. Morrow, Toronto; S. T. Smith, Winnipeg.
**Asst. gen. mgrs.**—H. N. Davis, H. Groom.
**Sec.**—H. K. Hepburn.
**Treas.**—J. C. McLaughlin.
**Asst. sec.-treas.**—H. Cranfield.
**Western mgr.**—H. Sellers, Winnipeg.

### St. Lawrence Flour

In common with other milling companies, St. Lawrence Flour Mills reported a moderate increase in operating profit for the year ended August 31. Net profit, on the other hand, was reduced by $29,264 to $132,294 because of increased provision for income tax and the new excess profits tax.

This company's business is largely of a domestic character. It is less influenced by the ups and downs of export trade than other large operators. Consequently it has been able to concentrate efforts on the more profitable domestic market.

The earning power of the company has been established on a higher basis of late, with the result that the management has been able not only to declare the regular quarterly dividend of 25 cents a share, but last August was able to pay a bonus of 50 cents a share. A similar special dividend of 50 cents was paid in Oct., 1939.

**Directors**—D. A. Campbell, pres.; T. Williamson, vice-pres. & man. dir.; C. E. Gravel, G. W. Grier, J. H. Labelle, J. J. McGill, C. H. Branchaud; Montreal.
**Sec.**—D. M. Wilson.
**Treas.**—J. P. Yeudall.

### Western Canada Flour

Annual report of Western Canada Flour Mills Co. for the fiscal year ended July 31, last, is due about the end of this month. Earnings, judging from the position of the flour industry in general, are likely to show improvement over the 1938-39 period. Net result is uncertain, however, in view of the need for providing for greatly increased taxes.

Net profit of $50,775 in the fiscal year ended July 31, 1939, compared with loss of $315,305 in the previous 12 months, although below the 1936-37 period. Earnings were equal to $2.10 on the 6½% preferred stock in 1938-39. No dividends have been paid on this stock since 1935 and arrears totalled $43.62½ at Sept. 1, 1940.

The baking division showed improved results for the 1939 year, as did the salt division. Earnings after bank interest, however, were still insufficient to provide adequate depreciation reserves, according to an official.

Late in 1939 preferred shareholders approved the advancement of further security in the form of non-interest, non-transferrable debentures to the bank in connection with loans of the company. The debentures are not to exceed $3.5 millions.

This year the company sold all of its country elevators in the three Prairie Provinces, totalling 76. Sale price was not disclosed. The company is stated to be no longer associated with the line elevator business.

**Directors**—A. J. Mitchell, chm.; G. R. Cottrelle, pres.; Toronto; R. H. B. Ker, vice-pres., Victoria, B.C.; J. J. Page, gen. mgr.; J. H. Gundy; F. G. Lawson, I. C. Hall, C. F. B. Tippet; Toronto; Hon. G. H. Barnard, Victoria, B.C.; J. A. Kilpatrick, Montreal; John Davidson, London, Eng.
**Sec.**—A. H. Denoon.
**Treas.**—J. S. Anderson.

## Flour Milling Securities

**Stocks:**

| | Outstand. $ | Earned per Share 1939 $ | Earned per Share 1938 $ | Div. Rate $ | Price Range —1939-40— High | Price Range —1939-40— Low | Last Price | Yield % |
|---|---|---|---|---|---|---|---|---|
| **International Milling:** | | | | | | | | |
| 1st Pref., par $100 ...... | 5,734,500 | *33.93 | *12.81 | 5.00 | 118 | 104 | 114 | 4.4 |
| 2nd Pref., par $100 ...... | ‡1,000,000 | ... | ... | ... | ... | ... | ... | ... |
| Common, n.p.v. .......... | 277,316 sh. | 5.97 | 6.82 | †1.50 | ... | ... | ... | ... |
| *Years ended Aug. 31. †Paid in 1939. ‡Authorized, previously issued to extent of $405,000, all redeemed Oct. 22, 1938, at par | | | | | | | | |
| **Lake of the Woods Milling:** | | | | | | | | |
| Prem. cum. non-red., par $100 .............. | 1,500,000 | *31.77 | *40.57 | 7.00 | 128 | 110 | 110 | 6.4 |
| Common, n.p.v. ......... | 147,689 sh. | 2.52 | 3.41 | †0.50 | 28¼ | 13 | 18¾ | ... |
| *Years ended Aug. 31, 1940 and 1939. †Paid in 1940 to date. | | | | | | | | |
| **Maple Leaf Milling:** | | | | | | | | |
| Class A pref., n.p.v. .... | 91,997 sh. | *4.28 | *d1.87 | nil | 10¼ | 2½ | 5 | ... |
| Common, n.p.v. .......... | 250,100 sh. | 1.32 | d0.91 | nil | 7 | 1 | 3¼ | ... |
| Management, n.p.v. .... | 3 sh. | ... | ... | nil | ... | ... | ... | ... |
| *Years ended July 31. | | | | | | | | |
| **Ogilvie Flour Mills:** | | | | | | | | |
| Pref. cum. non-coll., par $100 .............. | 2,000,000 | *48.82 | 39.63 | 7.00 | 170 | 140 | 148 | 4.7 |
| Common, n.p.v. ......... | 600,000 sh. | 1.43 | 1.09 | 1.00 | 35¾ | 20 | 27 | 3.7 |
| *Year ended Aug. 31. | | | | | | | | |
| **St. Lawrence Flour Mills:** | | | | | | | | |
| Pref. 7% cum., par $100 .. | 575,000 | *23.01 | *28.10 | 7.00 | 125 | 111 | 120 | 5.8 |
| Common, n.p.v. ......... | 38,000 sh. | 2.55 | 3.37 | †1.00 | 32 | 17 | 20 | 7.5 |
| *Years ended Aug. 31, 1940 and 1939. †Extra of 50 cents paid Aug. 1, 1940. | | | | | | | | |
| **Western Canada Flour Mills:** | | | | | | | | |
| Pref. cum. red., par $100 | 2,413,000 | *2.10 | d13.07* | nil | 50 | 15 | 31 | ... |
| Common, n.p.v. ........ | 135,000 sh. | d0.79 | d3.50 | nil | 7½ | 1¼ | 1¾ | ... |
| *Years ended July 31. | | | | | | | | |

**Bonds:**

| | Int. Rate % | Maturity | Outstand. $ | Times Int. Earned After Deprec. 1939 | Times Int. Earned After Deprec. 1938 |
|---|---|---|---|---|---|
| **International Milling:** | | | | | |
| 10-yr. Secured Note .................. | 2.7 | 1949 | †1,500,000 | ... | ... |
| †Secured by like amount of 4% 1st mtge. bonds on Buffalo property which were reacquired. | | | | | |
| **Lake of the Woods Milling:** | | | | | |
| 1st Mortgage ......................... | 6 | 1941 | †4,000,000 | ... | ... |
| †Held by banks as collateral for loans. | | | | | |
| **Maple Leaf Milling:** | | | | | |
| 1st Closed Mtge. S. F. ................ | ‡3 | *1958 | 4,620,500 | 3.39 | 0.53 |
| *Extended from 1949. ‡Rate changed to 3% from Dec. 1, 1938, to Nov. 30, 1943, thereafter at 5½%. | | | | | |

## *Average Canadian Drinks 600 Cups of Tea Yearly*

Average consumption of tea in Canada per person per year is 600 cups or four pounds, which is much less than that of other Anglo-Saxon countries with the exception of the United States.

The French-Canadian, long partial to green teas from China and Japan, is now swinging to black (Empire) tea.

The tea industry for the first time placed orders for millions of tea chests with eastern Canadian mills. The bulk of this important business was previously handled by the Baltic and Scandinavian states — a source of supply cut off when these countries were invaded.

Few of the food products that grace the average Canadian table have achieved such recognized importance since the war began as tea. Passing under the control of Britain's Export Council at the commencement of hostilities, tea now shares with such important Empire exports as wool, linen, rubber, jute and tin a major role in the economic phase of the war. To the British Government it is a valuable source of foreign exchange for the purchase of essential war supplies, especially in Canada and the United States.

The tea industry is a $500 millions enterprise employing nearly two million people with 80% British capital invested in it. It now produces, what from a world marketing standpoint, is the Empire's greatest agricultural crop. Four-fifths of all the tea marketed outside of China is grown within the Empire, most of it in India and Ceylon.

LOBLAW'S AGAIN MAKES HISTORY
Presenting Toronto's Most Modern Food Market!

LOBLAWS
COUNTRYSIDE SAUSAGE
LOBLAW'S WIENERS
ARROW BACON
LOBLAW'S NEW MARKET
LOBLAWS
YONGE ST.
St CLAIR AVE. East
LOBLAW CUSTOMERS FREE PARKING

This Latest Food Market is conveniently located at
18 ST. CLAIR AVE. E.
(Near Yonge Street)

Designed and planned to promote Loblaw's most valuable asset— "Customer Confidence"

Once past the electrically opened doors of this spacious food centre, the shopper sees the great strides which have been made in retail food presentation and its distribution.

With an area of 8,000 square feet, with larger varieties of food and larger departments *accommodation* is the keynote of this market and reflects Loblaw's "CUSTOMER CONFIDENCE"

114 MARKETS AND GROCETERIAS THROUGHOUT ONTARIO

Barrie
Belleville
Brampton
Brantford
Brockville
Chatham
Cornwall
Galt
Guelph
7—Hamilton
Ingersoll
Kingston
2—Kitchener
Leamington
Lindsay
3—London
Midland
Newmarket
New Toronto
2—Niagara Falls
North Bay
Oakville
Owen Sound
Orillia
2—Oshawa
7—Ottawa
Peterboro
Sarnia
2—St. Catharines
St. Thomas
Simcoe
Stratford
Sudbury
52—Toronto
Trenton
Welland
Weston
7—Windsor
Woodstock

LOBLAW GROCETERIAS CO., LIMITED HEAD OFFICE: TORONTO, ONTARIO

# Dairy Companies Earnings Rise, Outlook Good

## Export and Domestic Demand Both Record Improvement

Dairy company earnings have been better during the past year. Outlook is regarded with some optimism in view of the general improvement in business and the promise that it will continue.

Domestic demand for milk has increased. Ice cream sales also are higher, although the advance during the summer was not as large as expected, due to adverse weather.

Cheese sales to the United Kingdom have been increased substantially. This has resulted in better prices for butter. British demand for evaporated milk has been somewhat heavier since the outbreak of war, and further growth in this business is anticipated.

### Acme Farmers Dairy

Acme Farmers Dairy Ltd., controlled by Eastern Dairies, sells various dairy products in Toronto, including milk, cream, butter, buttermilk, cheese, ice cream, condensed milk, eggs, etc.

Operating profit of $169,561 in the year ended March 31, 1940, was ahead about $71,000 from the previous year. A fractional net profit was shown, compared with substantial losses in the previous four years. Moderate improvement is reported in earnings in the first six months of the current fiscal year, as compared with the same period of 1939. With outlook regarded as good, results for the 12 months may be better than in the 1939-40 fiscal year.

**Directors**—W. R. Aird, pres., C. B. Price, Montreal; Hon. George S. Henry, vice-pres.; Todmorden, Ont.; J. G. Cornell, Scarboro, Ont.; D. H. McDougall, F. L. Hubbard, Toronto.

**Gen. mgr. and sec.-treas.**—E. W. King.

### The Borden Co.

The Borden Co. operates in Canada through The Borden Co. Ltd., a wholly owned subsidiary. The latter company is a holding and operating organization engaged in the distribution of milk products throughout the Dominion. An export trade is also conducted.

Borden Co.'s activities are carried out in the U. S. through widely diversified subsidiaries.

Dividends at the present time are being paid at the rate of 30 cents per share, U. S. funds, quarterly. This means payments for the year probably will total $1.20, unless a bonus is paid. Distributions totalled $1.40 last year.

**Directors**—T. G. Montague, pres.; G. M. Waugh, Jr., chm. of board and vice-pres.; C. E. Beardslee, vice-pres.; R. V. Jones, vice-pres.; H. W. Comfort, vice-pres.; New York; G. G. Thompson, vice-pres., Toronto; Hon. C. C. Ballantyne, Napoleon Charest, Hon. Donat Raymond, Montreal; G. C. Edwards, Ottawa; Hon. S. C. Mewburn, Hamilton; M. D. Warner, Britton Osler, Toronto; H. H. Walker, Detroit, Mich.; A. W. Ramsdell, vice-pres., New York.

**Treas.**—E. L. Noetzel, New York.

**Sec.**—W. H. Rebman, New York.

**Asst. treas.**—Geo. Bittner, H. K. Kramer, New York.

**Asst. sec.**—T. D. Waibel, New York.

### Carnation Co.

Carnation Co. is engaged in manufacturing and distributing a wide range of milk products, cereals, and commercial feeds in the United States and Canada. Its principal product is evaporated milk.

Expansion of plant was carried out last year, through completion of a new evaporated milk unit at Sherbrooke, Que., by the Canadian subsidiary, and the building of one new evaporated milk plant and five new receiving stations in the United States.

Research and development of new products is being continued and directors anticipate a further expansion of business this year. Net profit of $2.5 millions in 1939 was up about $540,000 from the previous year. Dividends totalling $1 per share on the common stock were paid as usual this year, although no extra has yet been distributed. An extra of $1 was paid last year, and 50 cents in 1938.

**Directors** — *E. A. Stuart, chm., Los Angeles; *E. H. Stuart, pres. & treas.; *P. G. Kinzer, *J. F. Douglas, A. M. Ghormley, vice-pres's.; Milwaukee, Wis.; W. C. Cross, vice-pres.; J. S. Wilkinson; Oconomowoc, Wis.; R. H. Fullerton, New York; Walter Kasten, Milwaukee.

**Sec.**—E. S. Hartwick.

*Executive committee.

### Crescent Creamery

Crescent Creamery Co., subsidiary of Eastern Dairies Ltd., operates the oldest and largest general dairy business in Manitoba. Eastern Dairies owns all of the 50,000 shares authorized and outstanding There is $1 million 7% preferred shares in the hands of the public.

Losses have been sustained on operations in the seven years since statements have been published. In the year ended March 31, 1940, net loss of $140 compared with $53,345 in the previous year.

No dividend has been paid on this 7% preferred stock since $1 was distributed in 1934.

**Directors**—W. R. Aird, pres., Montreal; J. E. Woods, vice-pres.; R. D. Guy, A. E. Johnston, S. N. Jones, Herbert Sellers, C. C. Wardrope, Winnipeg.

**Gen. mgr.**—C. W. Johnson.

**Sec.-treas.**—C. V. Thompson.

### Dairy Corp.

During the latest fiscal year of Dairy Corp. of Canada, ended March 31, last, reorganization and simplification of the capital structure were completed. All subsidiary companies are now wholly owned by Dairy Corp.

The result is a simplified capital structure, which means important savings in fixed charges and current expenses, according to officials. New capitalization includes $357,800 5% first preference stock and 84,405 common shares.

In accordance with terms of the reorganization, dividends will not be paid on the 5% preferred stock until substantial reductions have been made in bank debits. This item totals $416,129 at the end of the latest fiscal year.

Net profit of $20,109 in the latest fiscal year compares with a loss of $45,655 in the previous 12 months. The 1940-41 fiscal year will not have certain heavy expenses, legal and otherwise, such as occurred during the 1939-40 fiscal year.

The company owns or controls dairy companies operating in western Canada. A. E. Silverwood, president of Silverwood Dairies Ltd., was added to the board this year. John W. Spears, president, died in September.

**Directors**—R. A. Daly, vice-pres.; Toronto; J. A. Caulder, man. dir.; Winnipeg; W. P. Fess, Dr. J. J. Gibson, A. E. Naylor, Toronto; A. E. Silverwood, London, Ont.

### Edmonton Dairy

Edmonton City Dairy Ltd., wholly-owned subsidiary of Dairy Corp. of Canada, was organized this year as successor to a company of the same name.

Only public interest since its reorganization is in the 5¼% general mortgage bonds, the outstanding amount of which totals $345,100. These bonds were issued to holders of preference shares, excepting Dairy Corp., on the basis of $100 principal amount of new bonds for each held in the old company.

Based on the new capitalization, the company earned interest on the general mortgage bonds, 2.84 times in the year ended March 31, 1939. Figures have not been released yet for the latest fiscal year.

**Directors**—W. W. Prevey, pres.; J. A. Caulder, vice-pres.; H. P. Madsen, W. A. Thomson, H. M. E. Evans, Edmonton; E. Grossi, E. Macdonald.

**Treas.**—C. Kehoe.

**Sec.**—F. J. Reynolds.

### Eastern Dairies

Business of Eastern Dairies Ltd. so far this year is better than for the like period a year ago, and for the full 12 months' period at least a moderate gain is likely to be shown.

During the year ended March 31, 1940, the company had a consolidated operating profit of $379,841, as against $207,166 the year before. However, there was a net loss for the year after depreciation and bond interest of $12,604, as against a loss of $189,358 in the 1939 fiscal year.

**Better Markets Seen**

During the first half of the fiscal year, the domestic market for milk powder and other by-products was unsettled and prices low. Export markets in this half year were weak and sales were small. As a consequence, earnings from the sale of by-products declined.

Toward the end of the year, markets for these products strengthened and sales are now on a more satisfactory basis.

During the past fiscal year the company disposed of its Acme Farmers Dairy plant in Hamilton. Operations there have not been profitable and it is stated that disposal of this unit will have a favorable effect on business in the current year.

**Directors**—W. R. Aird, pres. & man. dir.; P. A. Thomson, vice-pres.; C. B. Price, A. J. Nesbitt, Montreal; E. W. King, Toronto.

**Sec.-treas.**—C. V. Thompson.

### Highland Dairy

Highland Dairy Ltd. operates a dairy business in Toronto and vicinity with capacity of 20,000 quarts of milk daily.

Reduction of dividend rate on the preferred stock from 7% to 5% in 1939 was effected. Arrears totalled $2.50 on the preferred stock at Dec. 31, last, after taking into account a $1 payment in January and a $2 payment in April.

**Directors**—F. F. Appleton, pres.; R. J. MacDonald, vice-pres. and man. dir.; M. M. Kennedy, sec.-treas.; D. C. Kay; Toronto; Talmage Bryan, Sunderland, Ont.

### Quinte Milk Products

Quinte Milk Products Ltd., with head office and plant at Wellington, Ont., manufactures and sells a wide variety of milk products. Included is cream, butter, ice cream, casein, albumen, condensed milk, etc. Quinte Creameries Ltd., Toronto, is a wholly-owned subsidiary.

Net profit of $18,698 in 1939 compared with $8,692 in the previous year. Semi-annual dividends totalling 20 cents per share on the common stock have been paid this year, compared with 15 cents in 1939.

An option is held by officers to Nov. 1, 1944, to purchase up to 3,500 shares of common stock at $2.25 per share. Rights were offered shareholders early this year to subscribe for 6,000 shares at $2.75 per share on a 1 for 6 basis.

**Directors**—A. L. A. Richardson, pres., Toronto; J. M. Hartwick, vice-pres. & gen. mgr.; F. L. Bell, sec.-treas.; Wellington, Ont.; W. Ingram, W. R. Salter; Toronto.

### Silverwood Dairies

Silverwood Dairies, Ltd. reports sales in the 6 months ended Sept. 30, 1940, representing the first half of the current fiscal year, as the best in at least ten years. Net profit also was higher than in the preceding year, which was the best since 1932.

Several thousand new customers were added, and the company is now only slightly below its objective of 100,000 quarts daily of milk sales.

Major plant expansion this year entails expenditure of $110,000 for buildings alone; cost of equipment will be extra. A new $50,000 unit at London, to house the milk department, should be ready June 1, next. A new $50,000 addition built at Hamilton will house the milk and ice cream department. Another $10,000 is being spent at London for a small addition to the present building. London expansion will allow additional space for the fast-growing evaporated milk department, which at present uses the near-by London Arena for storage.

The company reports a net profit of $150,067 in the year ended March 31, last, as compared with $59,408 from the previous year.

A meeting of 6% debenture holders has been called for Nov. 1, next, to consider adjustment of provisions of the trust deed to conform with that of the first mortgage bonds. Such an alteration would clear the way for the initial dividend payment on the common stock since 1931.

Working capital was officially reported to be in excess of $600,000 on Sept. 30, while a surplus of $116,219 shown at March 31, last, has been increased substantially also.

**Directors**—A. E. Silverwood, pres.; W. E. Robinson, vice-pres.; J. H. Duplan, man. dir.; J. H. Gillies, compt. and sec.-treas.; E. G. Silverwood, R. G. Ivey, London, Ont.; E. K. Reiner, Wellesley, Ont.; E. W. Nesbitt, Woodstock, Ont.; W. H. Carruthers, Dr. L. E. Pollock, T. R. Harrison, Toronto.

**Asst. sec.-treas.**—George Blake.

### Toronto Dairies

Toronto Dairies Ltd. operates a dairy business in Toronto. The organization is operated on co-operative lines between producer and consumer.

Financial statements are not published. No dividends have been paid on the 7% preferred stock since 1931.

**Directors**—W. A. Dryden, pres.; G. E. McCann, sec.-treas.; T. A. Murphy, F. W. Hambly, Dr. G. Hyland; Toronto.

### United Dairies

United Dairies Ltd., Calgary, owns or controls 20 creameries in Alberta and British Columbia. It manufactures and distributes butter, ice cream and dairy products.

Union Milk Co., and Crystal Dairy Ltd., both of Calgary, are subsidiaries.

**Directors**—T. M. Carlyle, pres. and gen. mgr., Calgary; D. J. Morkeberg, vice-pres., Markerville, Alta.; Mrs. J. W. Carlyle, H. A. Howard, R. W. Ward, J. T. Burns, P. Fleming.

**Asst. gen. mgr.**—E. E. Peterson.

**Sec.**—E. Richardson.

The modern Canadian army cook is a highly trained vitamin sleuth. Here Minister of National Defense Ralston and Maj.-Gen. R. O. Alexander, Pacific Coast commander, visit a camp kitchen.

## Dairy Products Securities

**Stocks:**

| | Outstand. $ | Earned per Share 1939 $ | Earned per Share 1938 $ | Div. Rate $ | Price Range —1939-40— High | Price Range —1939-40— Low | Last Price | Yield % |
|---|---|---|---|---|---|---|---|---|
| Borden Co., Ltd. (wholly owned by the Borden Co.): | | | | | | | | |
| Common, par $100 | *40,000 sh. | Not avail. | | ... | ... | ... | ... | ... |
| *All owned by parent company, except directors' qualifying shares. | | | | | | | | |
| Carnation Co.: | | | | | | | | |
| 1st pref., par $100 | *2,938,600 | 85.35 | 51.46 | 5.00 | 119 | 103¾ | 119 | 4.2 |
| Common, n.p.v. | *609,588 sh. | 3.83 | 2.91 | 1.00 | ... | ... | ... | ... |
| *Not including 18,408 common and 656 preferred shares issued and held in treasury. | | | | | | | | |
| Dairy Corporation of Canada: | | | | | | | | |
| 1st pfd. red., par $50 | 6,586 sh. | *3.05 | *d6.94 | nil | ... | ... | ... | ... |
| Common, n.p.v. | 78,635 sh. | 0.05 | d0.79 | nil | ... | ... | ... | ... |
| *Years ended Mar. 31, 1940 and 1939. | | | | | | | | |
| Edmonton City Dairy (Controlled by Dairy Corp.: | | | | | | | | |
| Common, n.p.v. | 30,000 sh. | Not avail. | | nil | ... | ... | ... | ... |
| City Dairy (Controlled by Dairy Corp. of Canada): | | | | | | | | |
| Common, n.p.v. | *30,000 sh. | Not avail. | | nil | ... | ... | ... | ... |
| *All owned by Dairy Corp. | | | | | | | | |
| Eastern Dairies: | | | | | | | | |
| 7% pref. cum., par $100 | 2,500,000 | d0.34 | d5.04 | nil | 8¼ | 2 | 7 | ... |
| Common, n.p.v. | 99,020 sh. | d2.78 | d4.57 | nil | 1.50 | .10 | .50 | ... |
| *Years ended Mar. 31, 1940 and 1939. | | | | | | | | |
| Acme Farmers Dairy (Controlled by Eastern Dairies): | | | | | | | | |
| Pref. 7%, par $100 | 700,000 | *0.03 | *d9.91 | nil | ... | ... | ... | ... |
| Common, n.p.v. | 83,420 sh. | ... | ... | nil | ... | ... | ... | ... |
| All common stock owned by Eastern Dairies, with exception of directors' shares. | | | | | | | | |
| *For years ended Mar. 31, 1940 and 1939. | | | | | | | | |
| Crescent Creamery (Subsidiary of Eastern Dairies): | | | | | | | | |
| Pref. 7% cum., par $100 | 1,000,000 | *d0.01 | *d5.33 | nil | 15 | 8 | ... | ... |
| Common, n.p.v. | 50,000 sh. | ... | .. | nil | ... | ... | ... | ... |
| Common stock all owned by parent company. | | | | | | | | |
| *Years ended Mar. 31, 1940 and 1939. | | | | | | | | |
| Highland Dariy: | | | | | | | | |
| Pref. 5%, par $100 | 147,500 | Not avail. | | *3.00 | ... | ... | ... | ... |
| Common, n.p.v. | 19,534 sh. | | | nil | ... | ... | ... | ... |
| *Paid in 1940 to date. | | | | | | | | |
| Quinte Milk Products: | | | | | | | | |
| Common, n.p.v. | 36,000 sh. | 0.52 | 0.24 | *0.10 | ... | ... | ... | ... |
| Option to Nov. 1, 1944, held by officers of company to purchase up to 3,500 shares at $2.25 per share. *Paid Feb. 1, 1940. | | | | | | | | |
| Silverwood Dairies: | | | | | | | | |
| Pref. cum. part., n.p.v. | 145,000 sh. | *1.03 | *0.41 | †0.40 | 7⅝ | 3½ | 5½ | ... |
| Common, n.p.v. | 176,598 sh. | 0.52 | 0.01 | nil | 6⅝ | 1¼ | 3 | ... |
| *For years ended Mar. 31, 1940 and 1939. †Plus 40 cents extra paid in 1940. | | | | | | | | |
| Toronto Dairies: | | | | | | | | |
| Pref. 7% cum., par $10 | 103,000 | Not avail. | | nil | ... | ... | ... | ... |
| Common, n.p.v. | 50,000 sh. | | | ... | ... | ... | ... | ... |
| United Dairies: | | | | | | | | |
| Pref. 5% cum., par $100 | 400,000 | Not avail. | | nil | ... | ... | ... | ... |
| Common, n.p.v. | 50,000 sh. | | | ... | ... | ... | ... | ... |

**Bonds:**

| | Int. Rate % | Maturity | Outstand. $ | Times Int. Earned After Deprec. 1939 | Times Int. Earned After Deprec. 1938 |
|---|---|---|---|---|---|
| Edmonton City Dairy: | | | | | |
| 1st Mtge. S. F. | 5 | *1960 | 325,000 | Not available | |
| Gen. Mortgage | 5¼ | 1960 | 245,100 | | |
| *All owned by Dairy Corporation. | | | | | |
| City Dairy (Controlled by Dairy Corp. of Canada): | | | | | |
| Prior Serial Mtge. | 5 | 1940-41 | 40,000 | Not available | |
| 1st Mtge. S. F. | 5 | 1956 | 408,200 | | |
| Gen. Mortgage | 6 | 1956 | 107,175 | | |
| Eastern Dairies: | | | | | |
| 1st Coll. Tr. Conv. A | 6 | 1949 | 2,521,500 | 0.93 | nil |
| Acme Farmers Dairy (Controlled by Eastern Dairies): | | | | | |
| Debenture Notes | 7 | 1949 | *700,000 | ... | ... |
| *All held as collateral for parent company's funded debt. | | | | | |
| Silverwood Dairies: | | | | | |
| 1st Closed & Ref. Ser. Mtge. A | 5 | 1939-51 | 960,000 | 6.33 | 4.19 |
| Do., Series B | 5 | 1952 | 121,000 | | |
| Reg. S. F. Debs. | 6 | 1966 | 1,450,000 | 3.15 | 1.82 |
| United Dairies: | | | | | |
| 1st Mortgage | 5¼ | 1956 | 698,200 | Not available | |

# Merchandisers Expand To Meet Bigger Sales

(Continued from page 14)

ried out during the latest fiscal year at an aggregate loss of $24,921. Proceeds realized from disposal of these properties, together with $57,847 received on account of the promissory note on Thrift Stores and other funds, were used in reducing the company's bank loans.

**Directors**—R. H. Hommel, pres., Toronto; A. D. Cobban, vice-pres.; R. W. S. Johnston, sec.-treas.; H. B. Housser, E. F. Coste, *T. D. Leonard, *B. N. Barrett, Toronto; *W. A. Bean, Kitchener, Ont.; *Frank Relyea, Waterloo, Ont.

*Representing bondholders.

### Thrift Stores

Chain store operations have shown an improvement in general and, as a result, Thrift Stores Ltd. and subsidiary companies have been able to make a better showing.

For the year ended March 30 last the company reported an increase in sales despite a smaller number of stores in operation. Operations are largely centred in the Montreal area, though the company is also represented in Ottawa and Westboro.

**Made Better Showing**

In the past fiscal year Thrift Stores reported an operating profit of $132,092, as against $56,613 the year before. Net profit was equal to $4.17 a share on the preferred stock as against dividend requirements of $1.62½ a share. No dividends have been paid on the preferred which is in arrears of dividends since Jan. 1, 1935.

Net working capital in the past year increased from $99,347 to $218,003. At the same time the auditors point out that there are certain claims against the company for municipal chain store taxes of $105,693, and the claim of the company for the refund of $73,717 paid with respect to taxes which the company alleges were illegally collected by the municipalities in which it operates.

**Directors**—R. H. Hommel, pres.; Toronto; G. A. Wright, vice-pres.; R. J. Ward, sec.-treas., Montreal; R. W. S. Johnston, E. F. Coste, H. B. Housser, A. D. Cobban, Toronto; B. N. Barrett, Kitchener, Ont.; W. E. Dunton, Montreal.

### Western Grocers

Sales and earnings of Western Grocers Ltd. in the first quarter of 1940 were better than in the same period of 1939, shareholders were told at the annual meeting by W. P. Riley, president.

The company is engaged in the wholesale grocery business in western Canada and has gradually expanded its field of operations through acquisition of the business or assets of other firms. The Red and White Chain of approximately 700 independently-owned retail grocery stores is affiliated and retails its products.

Net profit of $226,730 in 1930 was up over $50,000 from the previous year. The better economic conditions in western Canada last year contributed to the improvement and also led to reduction in the accounts receivable from customers.

The three subsidiaries each realized net profits in 1939, their experience in regard to sales, gross and net profits being about the same as the parent company. Dividends from the subsidiaries totalled $11,602 in 1939, compared with $72 in 1938.

The company in general has a favorable earnings record, and has strengthened its position through acquisition of the W. H. Malkin Co. Net profit available for dividends last year was the highest since 1920.

**Directors**—W. P. Riley, pres.; W. H. McWilliams, vice-pres.; H. W. Hutchinson, F. O. Fowler, R. C. Riley, Winnipeg.

**Sec.-treas.**—Eben Govan.

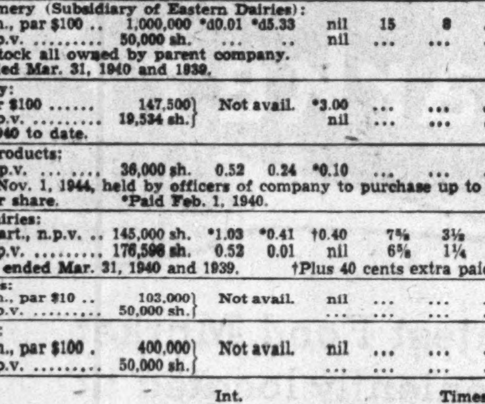
"NATIONAL" SERVICE
Essential to more than 12,000 Independent Retailers

●

Largest wholesale food distributors in the British Empire — National Grocers Company Limited continues to provide a vital service to more than 12,000 independent retailers — a service which plays a most important part in stabilizing the structure of Ontario's great food industry.

With 32 warehouses strategically located throughout the Province — a constant inventory of more than 4,000 different commodities — this vast organization's system of prompt and speedy deliveries equips these merchants — no matter where located — to meet competition on equal terms, and helps them to serve their customers with the world's finest products at the lowest prices consistent with high quality.

NATIONAL GROCERS
COMPANY LIMITED
AN ENTIRELY CANADIAN INSTITUTION
Head Office: 21 Front Street East, Toronto
BOARD OF DIRECTORS
Archie Foster, President and Chairman of the Board; M. D. Lemon, Vice-president; H. L. McNally, General Manager; T. H. Kinnear, Secretary-treasurer; D. Blain; Hon. George Gordon; W. H. Kenny; A. J. Major; W. G. McLauchlan; T. J. Medland; Morland Woolnough.



THE QUALITY COFFEE
BLUE RIBBON LIMITED
WINNIPEG CALGARY EDMONTON VANCOUVER
PURE GOLD MANUFACTURING CO. LTD.
TORONTO

Foods, too, are Munitions!

JUST AS shells feed the guns, dairy products and other provisions feed the men.

Skilled munitions-makers, working with micrometers to a thousandth of an inch, are not a bit more careful of their output than the Silverwood organization.

We, too, conceive ourselves to be in the front line of production for defense and the Silverwood slogan of the day is

"War-winning Quality"

Silverwood

Milk Cream Ice Cream Buttermilk Evaporated Milk Cheese Creamery Butter Powdered Milk Condensed Whole and Skim Milk Buttermilk Powder Ice Cream Sundries Dressed Poultry Soda Fountain Supplies Fresh Eggs Frozen Eggs

Silverwood Dairies Limited

PLANTS AT:

LONDON TORONTO WINDSOR CHATHAM BRANTFORD
HAMILTON KITCHENER ST. CATHARINES PETERBOROUGH ELMIRA
LUCKNOW CARGILL STRATFORD SARNIA WOODSTOCK
GUELPH CAYUGA NORTH BAY SUDBURY

# Higher Buying Power Aids Food Firms

## People Generally Can Afford Better Food—

## Higher Commodity Prices Raise Dollar Volume

Food companies have been enjoying a better year as a result of the increased tempo of industry. People are eating more and higher priced foods. The promise is this tendency will continue during the balance of the war.

Commodity prices are higher than prior to the war, and this has resulted in dollar value of sales being higher. Some interruption of supplies has been caused by the war, but only in isolated cases has it been impossible to replace lines of goods completely cut off.

### Blue Ribbon Corp.

Blue Ribbon Corp. is a holding company which, through subsidiaries is engaged in the manufacture and distribution of baking powder, spices, jelly powders, peanut butter, extracts, cereals and chocolates. Tea, coffee, cocoa, etc., are imported for packing.

Net profit of $137,654 in year ended June 30, last, was up about $18,000 from the previous 12 months. This is after providing an extra $60,000 for increase of income taxes.

Earnings in the latest fiscal year were equal to $4.61 on the 5% preferred, $50 par value stock, the highest figure since 1931.

Working capital also is the best since 1931. Figure of $917,161 at June 30, last, was up almost $19,000 from a year previous.

Special problems of supply have resulted due to the war. Some raw commodities are difficult to obtain and deliveries are sometimes delayed. Larger inventories are being carried as a result. Figure of $1.8 million at June 30 last, compares with $999,247 a year previous. Bank loans have been increased to take care of this, the figure of $1.4 million comparing with $458,111 a year previous.

Dividends on the preferred stock have been paid regularly at the full rate of 5% per annum since initial quarterly payment of 62½ cents per share was made Feb. 1, 1939. A bylaw reducing the dividend rate from 6½% and eliminating arrears was approved in 1938. No dividends have been paid on the common stock since 1931.

Subsidiary companies include Pure Gold Manufacturing Co., Blue Ribbon Ltd., and Willard's Chocolates Ltd. Minority interest in subsidiaries has been gradually reduced each year since 1936, and figure of $29,930 at June 30, last, compares with $61,550 for the 12 months previous.

**Directors**—J. M. de C. O'Grady, pres.; C. E. Spooner, vice-pres.; Toronto; J. Ball, asst. sec.; William Hood; Winnipeg; Lt.-Col. J. F. Michie, A. C. Matthews, F. T. Moore; Toronto.
**Asst. sec.**—W. K. Fraser.
**Asst. sec.-treas.**—D. W. Laverty.

### Miscellaneous Food Securities

**Stocks:**

| | Outstand. $ | Earned per Share 1939 $ | Earned per Share 1938 $ | Div. Rate $ | Price Range —1939-40— High | Low | Last Price | Yield % |
|---|---|---|---|---|---|---|---|---|
| **Blue Ribbon:** | | | | | | | | |
| Pref. cum. red., par $50 | 1,492,500 | *4.61 | *4.01 | 2.50 | 42 | 25 | 37 | 6.7 |
| Common, n.p v. ......... | 63,475 sh. | 0.68 | 0.48 | nil | 9¼ | 3½ | 7 | ... |
| *For years ended June 30, 1940 and 1939. | | | | | | | | |
| **Canada Starch:** | | | | | | | | |
| Pref. non-cum., par $100 | 3,069,100 | 11.29 | 7.61 | 7.00 | 110 | 108 | 109 | 6.4 |
| Common, par $5 ........ | 59,325 sh. | 2.22 | 0.32 | *1.00 | 7½ | 6 | 6½ | ... |
| *Paid in 1940 to date. | | | | | | | | |
| **Canada Vinegars:** | | | | | | | | |
| Common, n.p.v. ......... | 92,000 sh. | 1.04 | 0.87 | *0.50 | 15½ | 5 | 6½ | ... |
| *Paid in 1940 to date. | | | | | | | | |
| **Catelli Food Products:** | | | | | | | | |
| Pref. cum. red., par $15 .. | 38,374 sh. | 4.67 | 1.52 | 0.75 | 14½ | 10 | 10½ | 7.2 |
| Common, n.p.v ......... | 45,902 sh. | 3.27 | 0.67 | 0.50 | 18 | 6 | 10 | 5 |
| **Honey Dew:** | | | | | | | | |
| Common, n.p.v. ......... | 20,645 sh | 1.30 | *0.63 | †1.00 | 25 | 9 | 19 | 5.3 |
| *Old stock. †Paid in 1940 to date. | | | | | | | | |
| **Muirheads Cafeterias:** | | | | | | | | |
| Pref cum. S. F, red., par $10 ............... | 48,020 | *d3.41 | *d2.77 | nil | 1 | 1 | 1 | ... |
| Common, n.p.v. ......... | 78,710 sh. | d0.25 | d0.23 | nil | .10 | .05 | .05 | ... |
| *Years ended Feb. 28. | | | | | | | | |
| **National Biscuit & Confection:** | | | | | | | | |
| Pref. 7% non-cum., par $100 | 58,900 | Not avail. | | * | ... | ... | ... | ... |
| Common, par $100 ........ | 25,000 | | | | ... | ... | ... | ... |
| *7% on preferred and common paid Feb. 19, 1940 for year 1939. | | | | | | | | |
| **Willard's Chocolates:** | | | | | | | | |
| Pref. 6½% cum., par $100 | 474,000 | *1.03 | *7.02 | nil | ... | ... | ... | ... |
| Common, n.p.v. ......... | 15,001 sh. | d2.38 | 0.16 | nil | ... | ... | ... | ... |
| *Years ended June 30. | | | | | | | | |

**Bonds:**

| | Int. Rate % | Maturity | Outstand. $ | Times Int. Earned After Deprec. 1939 | 1938 |
|---|---|---|---|---|---|
| **Honey Dew:** | | | | | |
| Conv. Debs. ..................... | 6 | 1947 | 140,500 | ... | ... |
| **National Biscuit & Confection:** | | | | | |
| 1st Mortgage ..................... | 6½ | 1950 | *160,000 | Not available | |
| *$71,000 held by trustee for sinking fund. | | | | | |

### Canada Starch

No official information is available on current sales or earnings of Canada Starch Co. Last year net profits of the company were 50% higher than in 1938. Earnings on the common stock were equivalent to $2.22 a share, against 32 cents a share in 1938.

Financially the company held a strong position at the end of last year, net working capital amounting to over $1.6 million, up from about $1.5 million at the close of 1938.

**Directors**—G. F. Benson, chm., Montreal; G. F. Benson, Jr., pres., Montreal; Hugh MacKay, vice-pres.; J. H. Hunter, cons. eng.; B. S. R. Watson, sec.-treas.; W. B. Blackader, E. B. Hosmer, Montreal; W. E. Dircks, W. L. Moran, New York.
**Sales mgr.**—W. A. Sadler.

### Canada Vinegars

During the current fiscal year of Canada Vinegars Ltd., ending Nov. 30, difficult conditions have been encountered. The result has been a reduction of the quarterly dividend to 10 cents per share, commencing with the payment of June 1 last. Previously the rate had been 30 cents quarterly since 1936.

Prime adverse factor in the year now closing has been the 100% increase in excise tax on spirits used in the manufacture of white vinegar.

In the year ended Nov. 30, 1938-39, net profit was equal to $95,383 as compared with $80,160 in the previous year. During the 1938 and 1939 fiscal periods, dividends were maintained at the annual rate of $1.20 per share, although this amount in each case was not earned. A portion of each disbursement was made from earned surplus previously accumulated.

The company's Winnipeg plant was destroyed by fire late last year. It is being replaced.

A new product, Allen's Apple Juice, was produced extensively for the first time in 1939.

**Directors**—C. L. Carsley, pres.; A. L. Spalding, vice-pres. and gen. man.; J. Hobson, P. L. Howell, sec.-treas.; W. E. Young, L. L. Carsley, Toronto; E. A. Isard, Burlington, Ont.; E. L. Isard, Winnipeg; E. W. Howell, C. Fry, Norwich, Ont.

### Catelli Food

Catelli Food Products business has been well maintained, which is taken to mean that earnings are on the same level or higher than in the year ended Nov. 30, 1939, when operating profit was the largest in some years. War conditions have had a favorable influence both on operations and earnings and this was reflected in part in the last financial statement which showed operating profit at $285,205, or more than double that reported in the preceding year.

This year the company moved into its new Montreal plant, where eventually all of the company's Quebec operations will be centred. This expansion was made necessary because of the substantial increase in domestic and export business.

Special war demands should benefit the macaroni and canning divisions of the company, both in export and domestic fields. In view of various possible war consequences, trade treaties and other factors which might change this favorable situation, a contingency reserve of $30,000 was set up in 1939.

Last year earnings on the common stock amounted to $3.27 a share as against 67 cents the year before. As a result, an extra dividend of 25 cents a share was paid on the common stock, along with the regular semi-annual payment of 25 cents on Nov. 30, 1939.

**Directors**—Aimé Geoffrion, pres.; A. Bienvenu, vice-pres.; Paul Bienvenu, man. dir.; R. R. Dobell, W. W. Hutchinson, Hon. Alphonse Raymond, Henri Geoffrion, Montreal; J. Sirois, Quebec, P.Q.; I. Rader, Vancouver.
**Sec.**—Peirce Murphy.

### Honey Dew

Honey Dew Ltd. reported net profit of $44,278, before provision for income tax, in the nine months ended July 31. This compares with a net loss of $1,665 in the corresponding period of 1939.

In the fiscal year ended Oct. 31, 1939, sales were up almost 8% over the previous 12 months. Net profit of $22,262 was more than double that of the previous year.

A new issue of 6% convertible debentures was issued early this year to the amount of $200,000.

The company declared an initial dividend of 50 cents per share on the common stock July 2, last.

A major programme of shop modernization is being carried out, six modern units having been added in the first six months of this year, bringing the total to 16. Other additions are planned before the end of the year.

The company is now feeling the full benefit of reduced rentals. Some of the leases arranged in 1928 and 1929 at high rents have been renewed during the past three years on a more equitable basis. The last of the unsatisfactory leases terminate this year.

The company operates a chain of restaurants and sandwich shops across the Dominion, principally in Ontario. Orange Crush Ltd., remains the largest shareholder by a good margin, but does not hold shares for a clear majority.

**Directors**—E. P. Taylor, pres.; W. G. Lumbers, vice-pres.; D. H. Gibson, D. W. Smart, J. A. Gairdner, E. W. Bickle; Toronto; A. B. Kaufman, Kitchener, Ont.
**Sec.**—R. G. McMullen.
**Treas.**—H. N. Arnold.
**Gen. mgr.**—H. L. Walker.

### Muirheads Cafeterias

Improvement was shown in operations of Muirheads Cafeterias Ltd., in fiscal year ended Feb. 29, last, compared with the previous fiscal year. Report for the year is not yet available, and it is not yet evident whether a clear profit actually was shown. The company has not reported a net profit since 1932, and operated at a loss of $16,258 in the year ended Feb. 28, 1939.

The latest fiscal year has shown the full effect of rent reductions arranged in the latter part of the previous fiscal year. Improvement is due also to changes in operating methods effected in the previous year, and to substantial economies and consolidation of operations.

Working capital is expected to be shown as higher when the annual report appears than the $18,948 at Feb. 28, 1939.

**Directors** — H. A. Greene, pres.; H. M. Millar, sec.-treas.; E. G. McMillan, A. McDunn, J. M. Rutherford, Toronto.

### National Biscuit & Confection

National Biscuit & Confection Co., Vancouver, manufactures and distributes plain and fancy biscuits and confectionery.

Net profit of $7,578 was reported in 1938—latest figures available, compared with $6,418 in the previous year.

**Directors**—L. H. Nicholson, pres. and man. dir.; H. S. Wilders, vice-pres.; Arnold Shiell, sec.-treas.; A. R. Fanning, T. G. Beattie, M. N. Young, Vancouver.

### Willard's Chocolates

Willard's Chocolates Ltd. is controlled by Blue Ribbon Corp., through the ownership of about 98% of the common stock and nearly the entire issue of the preferred. There is thus only a small public interest.

The company manufactures all classes of chocolate products and confectionery in Toronto.

**Directors**—J. M. de C. O'Grady, pres.; C. E. Spooner, vice-pres. and man. dir.; F. G. Arnold, W. G. Henry, all of Toronto.
**Sec.**—W. A. Hill.

# Sugar Refineries

Early-war fears of a shortage in sugar were not justified, as supplies have been maintained. The outlook is encouraging for the receipt of shipments from abroad. World consumption has decreased, due to war rationing in some countries, where production has increased.

Costs of the raw product have advanced due to higher shipping costs. Selling price of refined sugar, however, has not kept pace. This has resulted in a smaller margin of profit for sugar companies. On the other hand, more sugar is being sold, due to the general improvement in business in Canada.

### Acadia Sugar

Acadia Sugar Refining Co. was organized in October last to acquire the assets and undertakings of a Nova Scotia company of the same name. Purchase price of $3 millions in cash was distributed to the holders of preferred and common shares of the old company.

Public investment interest in the present company is confined to the $1.4 million of 4½% first mortgage bonds, and the $2.3 millions of 6% general mortgage bonds. The latter were offered to the public last December.

Earnings for the 9 months ended Sept. 30, 1939, totalled $548,390 before depreciation, bond interest, discount and expenses and income taxes. Earnings for the full year of 1938 on this basis were $528,951. Working capital at October 16, 1939, totalled $2 millions, up about $154,000 from the end of 1938.

**Directors** — P. R. Gardiner, pres.; Hon. S. A. Hayden, vice-pres. & sec.-treas.; R. A. Stewart, B. L. Laycock, Jack Barlow, L. W. Allen; Toronto; T. J. Dillon, New York.
**Mgr.**—D. R. Turnbull.

### Atlantic Sugar

Operations of Atlantic Sugar Refineries Ltd., at Saint John, have been along normal lines in recent months. When the war broke out, there was a sharp increase in demand for sugar, which, combined at the same time with some interruption in the arrival of raw materials, resulted in plant operating under high pressure. The ap-

(Continued on page 18)

### Sugar Refineries Securities

**Stocks:**

| | Outstand. $ | Earned per Share 1939 $ | Earned per Share 1938 $ | Div. Rate $ | Price Range —1939-40— High | Low | Last Price | Yield % |
|---|---|---|---|---|---|---|---|---|
| **Acadia Sugar Refining:** | | | | | | | | |
| Class A, n.p.v. ........... | 300,000 sh. | Not avail. | | nil | ... | ... | ... | ... |
| Common, n.p.v. ......... | 100,000 sh. | | | nil | ... | ... | ... | ... |
| **Atlantic Sugar Refineries:** | | | | | | | | |
| Com., n.p.v. ............ | 160,000 sh. | Not avail. | | nil | ... | ... | ... | ... |
| About 80,000 shares held by Acadia Sugar Refining. | | | | | | | | |
| **Canada & Dominion Sugar:** | | | | | | | | |
| Com., n.p.v. ............ | 1,500,000 sh. | 1.97 | 1.32 | 1.50 | 35 | 24 | 28 | 5.3 |

**Bonds:**

| | Int. Rate % | Maturity | Outstand. $ | Times Int. Earned After Deprec. 1939 | 1938 |
|---|---|---|---|---|---|
| **Acadia Sugar Refining:** | | | | | |
| 1st Mtge. S. F. ..................... | 4½ | 1955 | 1,364,000 | Not available | |
| Gen. Mtge. S. F. ..................... | 6 | 1954 | 2,250,000 | | |
| **Atlantic Sugar Refineries:** | | | | | |
| 1st Mortgage ..................... | 3-4 | 1940-41-51 | 1,700,000 | Not available | |

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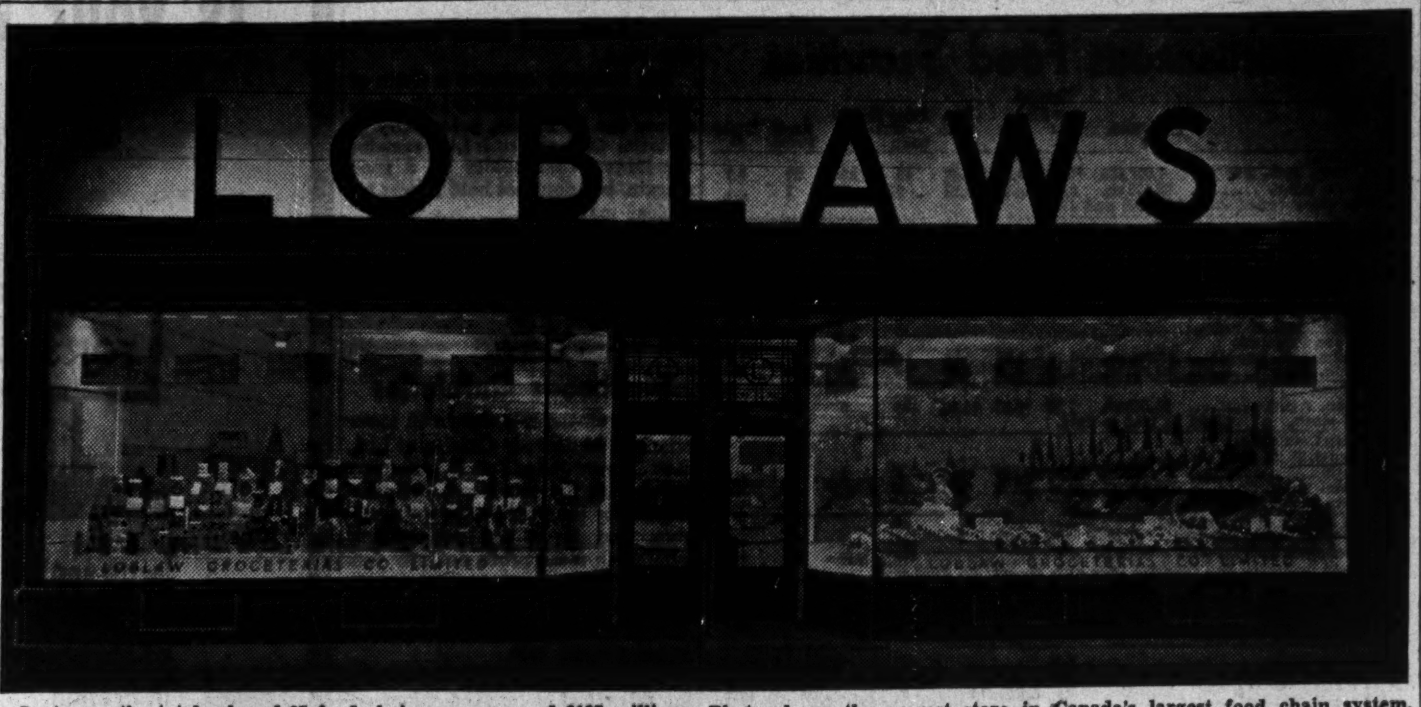
# Canners, Packers See Busy Year at Home and Abroad

## Domestic Business Expanding And British Need Enormous

**Canning and packing companies have enjoyed a good year. They look forward with optimism to the next 12 months.**

**Promise of continuation of the bacon deal with Great Britain—possibly an extension of it — suggests packers may show further improvement. Domestic business has been expanding. Even in peacetime the industry was not able to supply the full demands of the United Kingdom. An increase in hog slaughterings this year and the promise of a further jump next year indicates bigger volume to be handled.**

**Salmon canners have found a marked improvement in British demand during recent months, but other canners have lost the overseas business. Better domestic business is taking up the slack, however, and it is doubtful if a large United Kingdom market could be supplied, even if it did open up again.**



**Last year the total sales of 87 food chains were around $127 millions. But of these chain organizations four did more than 60% of the business.**

**Photo shows the newest store in Canada's largest food chain system, Loblaw Groceterias Co., Ltd. This new unit is located in Toronto.**

### Burns & Co.

Operations of Burns & Co. in the first quarter of the current fiscal year are understood to have shown a substantial improvement over the corresponding period of 1939. The increased movement of bacon to the United Kingdom—an important market—also is believed to have improved this company's position this year. The outlook depends to a large extent upon what deal can be made by the Canadian Government with the British when the present bacon agreement runs out Oct. 31.

The company operates chiefly in western Canada and much depends upon the general business conditions in that part of the country.

Operating profit of $595,870 in 1939 compared with $162,067 in the previous year. Bond interest was earned 0.64 times after depreciation last year. Bond interest has been paid regularly, but sinking fund payment on Jan. 1, last, was not provided.

The improvements shown in developments last year were due largely to increased hog marketings, which developed in the final four months. There was a marked improvement in business conditions throughout western Canada in the same period.

A substantial increase was shown in inventories last year, while a somewhat similar jump in bank loans also was shown. These increases were due almost entirely to increased slaughterings, particularly of hogs during the last four months of 1939. Most of the products were exported on consignment, which increased the inventories and bank loans accordingly.

**Directors**—John Burns, pres.; A. C. Newton, vice-pres.; R. S. Munn, gen. mgr.; J. I. McFarland, W. Toole, M. M. Porter, Calgary; Col. A. M. Brown, Vancouver; W. S. Hodgens, Toronto; A. E. Pequegnat, Waterloo; H. R. Milner, Edmonton.
**Sec.**—J. H. Kelly.
**Treas.**—W. C. Stemp.

### B. C. Packers

Outlook for the current year for British Columbia Packers, Ltd., is difficult to forecast, since a great part of the company's world market has been affected by the war, tariffs and import restrictions. The growing pack of cheaper salmon by the Japanese has also hit this firm's export markets. On the other hand, reopening of the big British market helps substantially.

Net profit in the fiscal year ended April 30, last, totalled $390,631, compared with $132,802 for the preceding 16 months. Net sales of almost $6.2 millions were up slightly from the previous 16 months period. Results for the year were substantially better than for any previous year, except 1929.

Of the inventory of canned products, which stood at $1.4 million at the end of latest fiscal year, less than $50,000 remained unsold by July 31.

Properties were increased during the latest fiscal year. A reduction plant was built at Alert Bay and the cannery at that point was re-equipped. Other reduction plants were enlarged during the year.

**Directors**—H. R. MacMillan, pres.; Stanley Burke, vice-pres.; F. E. Burke, George Kidd, J. P. D. Malkin, W. J. VanDusen, A. C. Taylor, Gordon Farrell, Vancouver, A. H. Williamson; London, Eng.; J. H. Gundy, J. S. McLean; Toronto; J. M. Buchanan, gen. mgr.; J. H. Copeman, Montreal; Dr. H. Spohn, Vancouver.
**Asst. gen. mgr.**—S. K. Murray.
**Sec.-treas.**—G. M. Ferguson.

### Canadian Canners

Sales of Canadian Canners Ltd., in the six months ended Aug. 31, were slightly higher than in the comparable period of the previous year. Domestic sales were ahead of last year, but export business is down due to British embargoes on imports.

Indications are, according to W. R. Drynan, president, that export business will not be an important factor in the current year's operations. Entire production probably will be required for the domestic trade.

The company is the largest organization of its kind in the British Empire. It is engaged in the canning of fruits vegetables, jams, jellies, catsups, meats, soups, etc., sold under the trade name of "Aylmer."

Operating profit of $2.6 millions for the year ended Feb. 29, 1940, was over 2½ times higher than the previous year's figure, and compares with $1.6 million shown for the more normal year, 1937-38. The company's subsidiaries contributed materially to the improved showing, and accounted for about one third of profits.

Three quarterly common dividends of 12½ cents per share have been paid this year—the first distributions made since 1932.

**Directors**—Avern Pardoe, chm., Toronto; W. R. Drynan, pres. & gen .mgr., Hamilton; W. L. Innes, 1st vice-pres., Simcoe, Ont.; E. A. Pearce, 2nd vice-pres., Picton, Ont.; D. R. McCahill, asst. gen. mgr.; Aleck Leitch, Hamilton; Lt.-Col. W. G. MacKendrick, Oakville, Ont.; J. A. Northway, W. G. Lumbers; Toronto; G. C. Edwards, Ottawa.
**Sec.-treas.**—P. Croucher.

### Canada Packers

Since appearance of the annual report of Canada Packers Ltd., in August, exports of bacon have been stepped up. J. S. McLean, president, is hopeful this is the forerunner of an increased scale of shipments. The present bacon deal with the British Government ends on Oct. 31, and the future of the export market depends largely upon what arrangements are made for its renewal.

Improvement in general business conditions in Canada has helped the domestic business of this company. Official forecasts are that in the coming year, hog marketings in Canada will show a surplus available for export of about 75,000 cwts. weekly.

The company reported record volume of business in the year ended March 28, last. Net earnings of $3.9 millions were up nearly $1 million from the previous year. Chief improvement came from the increased industrial activity within Canada.

Cost of products, chiefly livestock, remained at a par with the average of the previous five years. There was no general advance in price levels during the year, but certain products of which the company held substantial quantity, did advance rapidly. Included were hides and skins, wool, butter and tea and vegetable oils. The inventory profit of $579,000 has been set up as a special wartime inventory reserve, instead of being taken into profits.

Dividends totalling $3 per share per annum have been paid since the initial quarterly dividend in 1935. In addition, an extra of $1 per share was paid in 1939 and again in 1940.

**Directors**—J. S. McLean, pres.; E. C. Fox, T. F. Matthews and W. T. Harris, vice-presidents; S. G. Brock, vice-pres. and sec.-treas.; N. J. McLean, vice-pres. and gen. mgr.; W. S. Cameron, A. L. Laing, R. N. McKechnie, C. C. Polkinghorne, C. Wadge, W. R. Carroll, H. M. Murray, and *G. J. P. Ayers, all of Toronto; Phil. Laberge, Montreal.
*Employees' representative.

### Connors Bros.

Wartime restriction, exchange difficulties, and higher cost of doing business have had their influence upon operations of Connors Bros., operators of one of the world's largest sardine packing plants at Black's Harbor, N.B.

Normally the company conducts one of the most extensive export businesses of any Canadian corporation, its products finding their way to over 100 foreign markets. Many of these markets have been lost as a result of war, and it has been necessary to confine sales efforts to a limited area. On the other hand, there has been an increase in domestic demand for the company's products, which will tend to largely offset the loss of foreign markets.

The company does not publish a financial statement. Consequently it is not possible to tell how war conditions affected operations in the closing months of 1939. It is believed, however, that the disturbance of export marketing conditions in the last few months of 1939 have been overcome and that operations of the company are now on a more or less normal level. It is difficult to say to what extent earnings have been affected, but in view of the strong marketing position held by the company, it is not anticipated the company will have difficulty in maintaining dividends.

**Directors** — A. N. McLean, pres.; L. V. Lingley, vice-pres.; J. M. Scovil, sec.; Saint John, N.B.; A. M. A. McLean, treas., Blacks Harbor, N.B.; Hon. B. M. Hill, Montreal.

### Maritime Fish

Operations and earnings of the fish companies have undergone a material change since the outbreak of war. Not only has the demand increased, but prices have advanced. As a result the current position of Maritime-National Fish Ltd. is better than it has been for some time past.

This company operates a fresh, smoked and frozen fish business and manufactures fish meal and allied products. Its plants are located at Digby, Halifax and Port Hawkesbury, N.S.

Investment interest in the enterprise is limited and its financial statement has not been made public for some time.

**Directors**—H. G. Connor, pres.; W. H. Boutilier, vice-pres.; H. V. D. Laing, sec.; W. I. McDougall, J. McG. Stewart; all of Halifax; S. G. Matthews, Montreal.
**Treas.**—D. C. Forgan.

### Wilsil

Wilsil Ltd., Montreal meat packers, has experienced somewhat better sales to date this year than was the case in 1939. Not only has domestic business stood up well, but export sales, particularly in the last five or six weeks, have been exceptionally good.

In so far as earnings are concerned this year, the position of the company to date is better than it was a year ago, but final outcome for the full year depends upon the fall business.

Just now, it is not possible to make an accurate forecast, but conditions are favorable and the company may do as well, if not better, than in 1939. In that year operating profit amounted to $402,629, while net profit was equal to $2.21 a share on the common stock. This contrasts with $1.71 a share in 1938.

**Directors**—F. K. Morrow, chm., Toronto; J. A. Law, pres. & man. dir., Montreal; R. W. Jameson, vice-pres., Antrim, N.H.; Daniel Brogan, sec.-treas., G. A. Morris, Henry MacEwan, E. C. Rettig, D. A. Campbell, Montreal; L. S. St. Laurent, Quebec.

## Meat Packing and Canning Securities

**Stocks:**

| | Outstand. $ | Earned per Share 1939 $ | Earned per Share 1938 $ | Div. Rate $ | Price Range —1939-40— High | Price Range —1939-40— Low | Last Price | Yield % |
|---|---|---|---|---|---|---|---|---|
| **British Columbia Packers:** | | | | | | | | |
| Com., n.p.v. | 136,279 sh. | †2.87 | *0.97 | nil | 19¾ | 9 | 12 | ... |
| *16 months period to Apr. 30, 1939. †Year ended Apr. 30, 1940. | | | | | | | | |
| **Burns & Co.:** | | | | | | | | |
| Cl. A pref., non-cum., n.p.v. | 33,584½ sh. | d4.15 | d15.93 | nil | ... | ... | ... | ... |
| Cl. B, n.p.v. | 109,554 sh. | ... | ... | nil | ... | ... | ... | ... |
| Management, n.p.v. | 5 sh. | ... | ... | ... | ... | ... | ... | ... |
| **Canada Packers:** | | | | | | | | |
| Com., n.p.v. | 200,000 sh. | *8.34 | *6.19 | †3.00 | 104¾ | 65 | 88 | 4.5 |
| *Year ended Mar. 28, 1940 and Mar. 30, 1939. †In addition a bonus of $1 paid July 2, 1940. | | | | | | | | |
| **Canadian Canners:** | | | | | | | | |
| 1st pref., par $20 | 190,877½ sh. | 8.01 | 1.35 | †1.00 | 27 | 16½ | 18¾ | 6 |
| 2nd pref. con., n.p.v. | 363,732 sh. | 3.68 | 0.18 | †.60 | 14½ | 6 | 10½ | 6 |
| Common, n.p.v. | 137,784 sh. | *6.80 | d1.10 | ‡0.37½ | 11 | 2¾ | 7 | ... |
| *Providing that all conv. pref. were converted into common, earnings on the combined conv. pref. and common would amount to $2.59, after participation of first preference. †Plus 15 cents participating dividends. ‡Paid in 1940 to date. | | | | | | | | |
| **Connors Bros.:** | | | | | | | | |
| Cl. A, n.p.v. | 95,000 sh. | Not avail. | | ... | ... | ... | ... | ... |
| Cl. B, n.p.v. | 5,000 sh. | | | | | | | |
| **Maritime-National Fish (1937):** | | | | | | | | |
| 6% pref. cum., par $100 | 466,700 sh. | Not avail. | | 6.00 | ... | ... | ... | ... |
| Common, n.p.v. | 50,000 sh. | | | * | ... | ... | ... | ... |
| *30 cents paid Aug. 29, 1939. | | | | | | | | |
| **Wilsil:** | | | | | | | | |
| Common, n.p.v. | 135,700 sh. | 2.21 | 1.71 | 1.00 | 24½ | 16 | 19½ | 5.1 |

**Bonds:**

| | Int. Rate % | Maturity | Outstand. $ | Times Int. Earned After Deprec. 1939 | Times Int. Earned After Deprec. 1938 |
|---|---|---|---|---|---|
| **British Columbia Packers:** | | | | | |
| 1st Mtge. Serial Bonds | 4, 4½ | 1940-44 | 250,000 | 17.29 | *3.39 |
| Conv. S. F | 5 | 1953 | 700,000 | | |
| 2nd Mortgage Ser. Deb. | 4 | .... | †361,000 | | |
| †Held as collateral for bills deferred, redeemable $50,000 annually, July 1, 1940-1945, incl. $61,000 July 1, 1946. * New 1st mortgage bonds. | | | | | |
| **Burns & Co.:** | | | | | |
| 1st Mtge., Series A | 5 | 1958 | 6,668,300 | 0.64 | ... |
| **Canada Packers:** | | | | | |
| Collateral Trust Debs. | 2 | 1941 | 750,000 | 30.95 | 11.97 |
| Do., Debs. | 2¼ | 1942 | 750,000 | | |
| Do., Debs | 2½ | 1943 | 750,000 | | |
| Do., Debs. | 2¾ | 1944 | 750,000 | | |
| **Canadian Canners:** | | | | | |
| 1st Mortgage | 3 | 1941-42 | 360,000 | 18.52 | 4.14 |
| 1st Mtge. Conv. | 4 | 1951 | 2,420,000 | | |

## Sugar Refineries

(Continued from Page 17)

pointment of a sugar controller by the Federal Government and regulation of supplies and control of prices, quickly brought conditions in the sugar trade back to normal.

The Saint John refinery is one of the largest in the Dominion. While the company carries on some export business, the major share of the output is marketed in Canada.

Details of operations are not available as the company no longer publishes a financial statement. Control is held by the Acadia Sugar Refining Co. which in turn is controlled by the same group which bought out the public interest a few years ago.

Public interest in this company is confined to 3-4% 1st (closed) mortgage bonds, of which $1.6 million will be outstanding after redemption of $100,000 on Nov. 1, 1940.

**Directors**—F. R. Graham, chm.; L. J. Seidensticker, pres., Montreal; P. R. Gardiner, vice-pres.; Hon. S. A. Hayden, sec., Toronto; J. C. H. Dussault, D. H. McDougall, Montreal; T. J. Dillon, New York.
**Asst. sec. & treas.**—E. S. Johnston.

### Canada & Dominion

Canada and Dominion Sugar Co. shareholders were told at the annual meeting May 30 that since the war started prices of raw sugar had increased about 85 cents per cwt. to $3 per cwt. The selling price advanced only 50 cents. C. H. Houson, president, stated that if this condition continues, it will adversely affect the company's earnings during the current fiscal year. Canada & Dominion is the largest refiner of beet and cane sugar in the Dominion.

A substantial growth in business was reported in the year ended Jan. 31, last. Net profit of almost $3 millions was up about $976,000 from the previous year. An appropriation of $300,000 was deducted during the year for special reserve for contingencies, whereas no such allowance was made in the previous year.

Dividends are being paid on a quarterly basis at the rate of $1.50 per share per annum. In addition, an extra of 25 cents per share was paid Dec. 1, last.

**Directors**—C. H. Houson, pres., Chatham; H. R. Drummond, vice-pres., Montreal; H. F. Smith, vice-pres., Detroit; W. J. McGregor, sec.-treas., Chatham; A. E. Dyment, W. C. Laidlaw, Toronto; A. H. Thomson, G. B. Foster, Montreal; G. H. Moulthrop, Bay City, Mich.

### Ottawa Tightens Rules on Food

Three government regulations affecting the sale and distribution of foods come into effect on Jan. 1. The first provides that canners of fruits and vegetables, jams, preserves, jellies, marmalade, fruit and vegetable juices must standardize the sizes of all containers. In the past, there has been a multiplicity of container sizes—not because packers wanted many sizes, but because they had to meet competition, especially in foreign markets.

In future, vegetables and fruits must be packed in 8 oz., 16 oz., 28 oz., 48 oz., and 105 oz. tins. No in-between sizes—such as 10 or 15 oz.—will be permitted. Confusion will be eliminated for the housewife, who no longer will find mental gymnastics necessary to figure out which is a better buy—a 10 cent can of peas weighing 12 oz., or a 15 cent can of a competitive brand weighing 16 oz.

A second new Government ruling specifies a fruit juice cannot in future be called a "juice" if anything but sugar is added. Some cheaper brands of juices now sold are diluted with water. This is particularly true in the case of imported brands of grapefruit, orange and prune juice. Unless a substitute name is found for "juice" and labels are changed accordingly, Canadians no longer will be offered the diluted lines. A housewife, however, will have the satisfaction in future of knowing it is the pure product when seeing "fruit juice" marked on a label.

The third new ruling requires claims of manufacturers regarding vitamins in certain products to be more specific. This not only applies to labels on a product, but also to the advertising. No testimonials can be used on the advertisement or label outlining the benefits of a specific vitamin.

For instance, a baker will have to state he sells a 1½-pound loaf of bread, containing 300 international units of Vitamin B. Formerly, he was able to claim merely that his bread included Vitamin B—and he could add that Mr. John Whistlewater, of Topeka, B.C., claims it makes him more happy and virile.

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LEADING FLOUR BRANDS:
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Castle Flour (Bakers' Patent)
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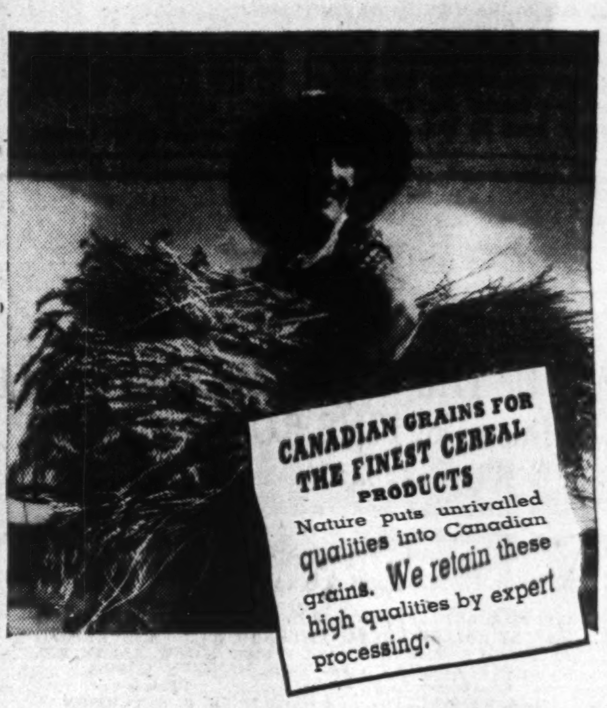
Maple Leaf Special Cake Flour
Red River Cereal
●
FEEDS:
Chops and Grain — Monarch Dairy Feed
Monarch Hog Feed — Monarch Poultry Feeds
Cafeteria Poultry Feeds
Maple Leaf Milling Company, Limited
HEAD OFFICE, TORONTO, ONT.
Branches From Coast to Coast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Established 1905
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# Baking Firms Outlook Better After Difficult Year

## Position Clarified in Recent Weeks

## Promises Improvement Next Year

Baking companies have had a difficult year, although the outlook has clarified in recent weeks and holds better promise for 1941.

Prices to bakers of commodities used in bread—flour, sugar and lard—advanced during the first year of war. Aggravating this was the Government's new processing tax which has been shifted definitely on to the bakers.

Price wars and Government action made it difficult for corresponding increases in retail prices of bread to be effected. A peg on the bread price was removed by the Wartime Prices and Trade Board in September, however, and this opens the way to any justifiable increases in price.

### Barker's Bread

Barker's Bread Ltd. manufactures and distributes directly to 75,000 customers in Toronto and district. Products include bread, biscuits, cakes, and pies, and a wholesale trade is done with leading stores, restaurants and hotels.

Net profit of $61,369 in 1939 compared with $18,961 in the 8½-months period ended Dec. 31, 1938. No dividends have been paid on the common stock since 1937.

Many new lines of bakery products were developed and the territories served by the company extended in 1939. In the latter part of the year the price structure in the industry was lowered, but the company's profits were maintained. This was as a result of economies and the further consolidation of operations.

**Directors**—H. B. Manning, pres. and gen. mgr.; R. B. Phipps, sec. & compt.; J. B. White, Hon. J. Earl Lawson; Toronto; G. W. Burry, Linden, N.J.
**Treas.**—J. B. MacNeill.

### Burry Biscuit

Steadily declining revenues have featured operations of Burry Biscuit Corp. since 1936.

The company manufactures and sells English-type biscuits and "Educator" crackers in the United States.

Dividends were deferred on the preferred stock on Oct. 1, 1939. No payments have been made since.

There are a number of Canadian shareholders of the company's stock, but its shares were removed from trading on the Toronto Stock Exchange in 1939 at the company's request. The shares are now traded on the New York curb and the Detroit Stock Exchange.

**Directors**—G. W. Burry, pres., Elizabeth, N.J.; H. L. Bauer, I. Kamber, New York; C. C. Winningham, Detroit; S. C. Ross, Buffalo.
**Vice-pres. & treas.**—G. W. Fraser.
**Sec. & asst. treas.**—R. D. Strawbridge.

### Canada Bread

Better operating conditions for Canada Bread Co. in recent years have been reflected in the wiping out of arrears on the class B stock, following the Jan. 2, 1940, payment. The common stock stands to benefit ultimately from the clearing up of arrears.

Canada Bread is one of the major bread manufacturers in eastern Canada. Operations extend over Ontario and even to sections of Quebec and Manitoba. Majority of the common stock is held by Maple Leaf Milling Co.

Net profit in the year ended June 30, 1940, of $216,114 was down substantially from the previous year's figure of $396,370. Profit on each loaf of bread, or its equivalent unit, was ¼ cent, according to the president, as against ½ cent per unit in 1938-39.

The decline was due to increased cost of ingredients and operations, higher taxes and lower selling price per unit. These were partially offset by a heavier volume of sales, and extreme economy in operation, according to the president.

No further expansion is planned for the 1941 fiscal period, owing to the war. Accordingly, capital expenses will be greatly reduced, if not entirely eliminated.

Funded debt was further reduced in the 1940 fiscal year from $595,500 to $542,600. Balance of the bonds mature in August next. Barring unforeseen circumstances, however, cash should be available to the amount of $350,000. This will leave balance of $200,000 to be provided for, probably by an issue of serial notes or a bank loan at low interest rates.

**Directors**—C. H. Carlisle, pres.; C. B. Shields, A. G. Walwyn, A. W. Holmested, R. S. Waldie, vice-pres., G. C. Leitch, Toronto; A. V. Loftus, gen. mgr.
**Asst. gen. mgr. and sec.-treas**—W. S. Antliff.
**Asst. sec.-treas.**—L. F. Enright.

The average Canadian family spends more on food than on any other single item—around $430 a year—compared with an average of $276 for housing and $93 for transportation. An increasing share of the food budget is going into canned foods. Photo shows a soup maestro in the Campbell kitchens.

## Baking Industry Securities

**Stocks:**

| | Outstand. $ | Earned per Share 1939 $ | Earned per Share 1938 $ | Div. Rate $ | Price Range —1939-40— High | Price Range —1939-40— Low | Last Price | Yield % |
|---|---|---|---|---|---|---|---|---|
| Barker's Bread: | | | | | | | | |
| 5% Pref. cum. red. conv., par $50 | 9,584 sh. | 6.34 | †1.98 | 2.50 | 39½ | 19 | 19 | 13.2 |
| Common, n.p.v. | 35,605 sh. | 1.03 | 0.05 | nil | 7½ | 2 | 2⅛ | ... |
| †Period Apr. 17 to Dec. 31, 1938. | | | | | | | | |
| Burry Biscuit: | | | | | | | | |
| Pref. conv. red., par $50 | 9,870 sh. | d1.92 | 3.07 | nil | ... | ... | ... | ... |
| Common, par 12½c | 401,040 sh. | d0.12 | 0.002 | nil | ... | ... | ... | ... |
| Deferred Oct. 1, 1939. | | | | | | | | |
| Canada Bread: | | | | | | | | |
| 5-6% 1st Pref. cum. red., par $100 | 1,250,000 | ▲17.29 | ▲31.71 | 5.00 | 105½ | 90 | 97 | 5.2 |
| Pref. B cum. part., par $50 | 25,000 sh. | †3.92 | †7.54 | ‡2.50 | 60 | 35 | 45 | 5.6 |
| Common, n.p.v. | *200,000 sh. | †0.28 | †0.73 | nil | 6⅛ | 1¾ | 3 | ... |
| *Majority held by Maple Leaf Milling Co. †After allowance for participating provisions. ▲Years ended June 30, 1940 and 1939. ‡An extra of 37½ cents paid Jan. 2, 1940. | | | | | | | | |
| Canadian Bakeries: | | | | | | | | |
| 1st Pref. cum., par $100 | 913,000 | *6.14 | *2.50 | †3.00 | 62 | 30 | 45 | ... |
| Common, n.p.v. | 99,890 sh. | ... | ... | nil | 3 | 1 | 1 | ... |
| *Years ended Aug. 31, 1940 and 1939. †Paid in 1940 to date. | | | | | | | | |
| Consolidated Bakeries: | | | | | | | | |
| Pref. mgmt. shs., n.p.v. | 3 sh. | 1.25 | 1.16 | *1.00 | 19 | 12 | 14¼ | ... |
| Ordinary, n.p.v. | 318,440 sh. | | | | | | | |
| *An extra dividend of 25 cents paid Jan. 2, 1940. | | | | | | | | |
| David et Frere: | | | | | | | | |
| Cl. A $2.25 non-cum., n.p.v. | 23,000 sh. | 3.65 | 2.37 | *1.00 | 19 | 9¾ | 11 | 10 |
| Cl. B, n.p.v. | 23,000 sh. | 0.83 | 0.12 | nil | 3⅝ | 1 | 2⅛ | ... |
| *Extra dividend of 10 cents paid Mar. 30, 1940. | | | | | | | | |
| Dominion Bakeries: | | | | | | | | |
| 1st Pref. 6½% cum. red., par $100 | 725,000 | d4.33 | d2.90 | nil | ... | ... | ... | ... |
| 2nd Pref. 6½% red. conv., par $100 | 210,000 | d37.88 | d32.47 | nil | ... | ... | ... | ... |
| Common, n.p.v. | 25,007 sh. | d3.72 | d3.27 | nil | ... | ... | ... | ... |
| Majority of 2nd pref. and common stocks owned by Maple Leaf Milling Co. | | | | | | | | |
| Eastern Bakeries (Controlled by Maple Leaf Milling): | | | | | | | | |
| Pref. 6½% cum., par $100 | 500,000 | Not avail. | | 3.25 | ... | ... | ... | ... |
| Common, n.p.v. | 30,000 sh. | | | nil | ... | ... | ... | ... |
| 1,000 preferred and over 25,001 common owned by Maple Leaf Milling. | | | | | | | | |
| Inter City Baking: | | | | | | | | |
| Common, par $100 | 2,114,500 | 5.48 | 6.16 | *1.50 | 36 | 25 | 28¾ | ... |
| *Paid in 1940 to date. | | | | | | | | |
| McCormick's: | | | | | | | | |
| Common, n.p.v. | *73,705 | Not avail. | | nil | ... | ... | ... | ... |
| *All held by George Weston, Ltd., except directors' qualifying shares. | | | | | | | | |
| Moir's Ltd.: | | | | | | | | |
| 6% 1st pfd. cum., par $100 | 975,000 | nil | nil | nil | ... | ... | ... | ... |
| Common, n.p.v. | 15,500 sh. | | | | | | | |
| Dover Industries: | | | | | | | | |
| Common, n.p.v. | *142,816 sh. | Not avail. | | †0.20 | ... | ... | ... | ... |
| *To be outstanding upon completion of merger; of which 54,984 shs. issued to Robinson Cone, 55,698 shs. to Taylor & Co., 32,124 shs .to Cherry & Sons. †Paid July 2, 1940. | | | | | | | | |
| Viau, Ltd. | | | | | | | | |
| 1st pref. cum. red., par $100 | 948,000 | 9.04 | 7.09 | 5.00 | 60 | 45 | 45 | 11.1 |
| Common, n.p.v. | 44,920 sh. | 0.85 | 0.44 | nil | 3¼ | 2 | 3⅝ | ... |
| George Weston: | | | | | | | | |
| Pref. cum. red., par $100 | 1,750,000 | 39.80 | 30.92 | 5.00 | 99 | 76 | 93¾ | 5.3 |
| Common, n.p.v. | 404,421 sh. | 1.51 | 1.12 | 0.80 | 15 | 9½ | 12 | 6.7 |
| William Patterson: | | | | | | | | |
| Pref. par $100 | *62,100 | Not avail. | | 7.00 | ... | ... | ... | ... |
| Common, n.p.v. | 4,000 sh. | | | nil | ... | ... | ... | ... |
| *Of which $37,600 was in the hands of the public as at Dec. 31, 1939. All common stock held by George Weston Co. | | | | | | | | |

**Bonds:**

| | Int. Rate % | Maturity | Outstand. $ | Times Int. Earned After Deprec. 1939 | Times Int. Earned After Deprec. 1938 |
|---|---|---|---|---|---|
| Canada Bread: | | | | | |
| 1st Mtge. S. F. | 6 | 1941 | *542,600 | †9.67 | †15.82 |
| *Exclusive of $94,300 for redemption. †Years ended June 30, 1940 and 1939. | | | | | |
| Canadian Bakeries: | | | | | |
| 1st Mtge. S. F. | 6½ | 1945 | 555,100 | *3.17 | *1.96 |
| *Years ended Aug. 31, 1940 and 1939. | | | | | |
| Inter City Baking: | | | | | |
| 1st Mtge. S. F. Gold | 5½ | 1948 | 1,085,000 | 3.30 | 3.50 |
| McCormick's: | | | | | |
| Guar. Pr. Lien S. F. | 4½ | 1952 | 237,000 | Not available | |
| Guar. S. F. Mtge. | 4 | 1952 | 1,368,200 | | |
| Moir's Ltd.: | | | | | |
| 1st Mtge. S. F. Gold | 6 | 1953 | 750,000 | 1.00 | 1.00 |
| Viau, Ltd. | | | | | |
| Gen. Mtge. S. F. | 6½ | 1946 | 295,300 | 8.55 | 5.35 |

### Canadian Bakeries

Canadian Bakeries Ltd. has been making a profit since reorganization was approved in November of last year. Earnings, however, have not been up to expectations and arrears of $2 per share on the 5% preferred stock were shown as of Sept. 1. Payments during the first year in which the reorganization plan was effective totalled $3.

The company, with head office in Calgary, is controlled by Maple Leaf Milling. It manufactures and distributes bread, cake etc., to the wholesale and retail trade. Its plants are located throughout the Canadian West.

Disturbing factors in the company's operations have been the price situation and rising costs.

The reorganization plan provided for the elimination of dividends and sinking fund arrears, through an exchange of securities. Deficit account also was eliminated and goodwill was written down to $1.

Net profit for year ended Aug. 31, 1939, was $56,064, as against $22,800 in the previous year. Bond interest was earned 5.17 times before depreciation in the 1939 fiscal year. Working capital showed an increase over the previous year.

**Directors**—R. W. Ward, pres. and gen. mgr., Calgary; D. C. MacLachlan, vice-pres., Toronto; D. A. Ross, sec.-treas. and asst. gen. mgr.; John Burns, Calgary; F. J. Coombs, R. S. Waldie, Toronto; E. E. Buckerfield, Vancouver; H. M. E. Evans, Edmonton.

### Consolidated Bakeries

Improved earnings were shown by Consolidated Bakeries of Canada Ltd. in 1939, compared with the previous year. Net profit of $398,742 was up almost $30,000 from 1938. Additional income from investments, however, was down about $3,000 at $77,177.

The company owns a group of 12 bakeries in Ontario and Quebec, all operated by its subsidiary, Wonder Bakeries Ltd. Improvement has been shown in net earnings in each year since 1932.

Dividends paid in 1939 totalled $1.25 per share on the common stock, comprising regular quarterly distributions of 25 cents plus a bonus of 25 cents. Dividends totalling $1.15 were paid in 1938. The common stock is held publicly, but the three management shares are owned by Ogilvie Flour Mills Co. and give it the right to elect the board of directors.

The operating subsidiary, Wonder Bakeries Ltd., this year introduced a new bread called "Melior." It uses a flour developed by the Pediatric Research Foundation of Toronto which has to be milled to exact specifications.

Advantages claimed for the new bread are a higher content of vitamin B than ordinarily available. Production of the flour and handling of the bread are under the supervision of the Institute. No special baking process is needed, the special flour being sufficient.

**Directors**—John Turnbull, chm.; Robert McMullen, pres. & gen. mgr.; J. F. Lash, *F. K. Morrow, F. G. Osler, Toronto; R. R. Dobell, Sir Herbert Holt, *G. A. Morris, *J. W. McConnell, Beaudry Leman, Hon. Charles A. Dunning, Montreal.
**Vice-pres. & asst. to gen. mgr.**—T. M. Dutton.
**Sec.**—H. O. Neale.
**Treas.**—H. S. Pratt.
*Management shareholders.

### David et Frere

Expansion in operations and improvement in earnings has enabled David et Frère Ltée., biscuit and candy maufacturers, to increase dividend payment on the class A stock.

During the 15 months ended March 31, 1940, the company had a net profit of $103,093. This contrasts with $57,427 in the 12 months of the calendar year 1938. Profits available on the class A for the 15 months' period amounted to $4.48 a share, against $2.49 a share in the previous 12 months.

In recent years there has been a steady improvement in earnings and the financial position of the company. Net working capital at the end of last month stood at $256,906, which was the best reported by the company in several years.

It is too early to make an accurate forecast of earnings, as a large proportion of the company's business was done in the last half of the year, but indications are considered favorable.

**Directors**—de Gaspé Beaubien, pres.; F. A. Béique, vice-pres.; L. R. Philie, gen. mgr. and sec.-treas.; G. O. Soucie, Emilien Gadbois; Montreal.

### Dominion Bakeries

Directors of Dominion Bakeries Ltd. are of the opinion that voluntary winding-up and the disposal of the remaining assets through a liquidator appointed by the court should be considered. No definite decision has been reached yet.

The company discontinued operations as a bakery concern in 1933. Since then it has endeavored to rent its properties or dispose of them. Properties sold have been at the best prices obtainable, but still far below the original cost. During the fiscal year ended Aug. 31, 1939, bakeries at Kingston and Ottawa were sold.

Net rentals from bakeries, after necessary expenses, have been insufficient to cover annual depreciation charges.

Both classes of preferred stock are many years in arrears, while $227,649 is owing to Maple Leaf Milling Co.—principal creditor.

**Directors**—D. C. MacLachlan, pres.; G. H. Hand, sec.-treas.; G. A. Mackey, J. L. Henderson, R. F. Houghton, Toronto; A. F. Culver, Montreal.

### Eastern Bakeries

Eastern Bakeries Ltd. operates a chain of bakeries in the Maritimes, with head office in Saint John, N.B. Outstanding capitalization consists of $600,000 of 6½% preferred stock of $100 par value; and $500 of common stock, 5 cents par value. Maple Leaf Milling Co. controls this company and guarantees dividends at the rate of 3¼% on the preferred stock from 1934 to 1944. These dividends are being paid at the guaranteed rate.

### Dover Industries

Dover Industries Ltd. was organized in March of this year to consolidate three companies. These include Robinson Consolidated Cone, Hamilton; T. H. Taylor & Co., Chatham, Ont.; and S. J. Cherry & Sons, Preston, Ont.

Robinson Cone manufactures ice cream cones, sandwich wafers, soda straws, cups and cartons. The other two are flour milling concerns.

Shares of Robinson Cone, in which chief public interest centred, were exchanged on a share for share basis in the new company. Initial dividend of 20 cents a share was paid on the common stock of the new company on July 2, last.

### Inter-City Baking

Volume of business handled by Inter-City Baking Co. and subsidiaries, controlled by Lake of the Woods Milling Co., has been on a satisfactory basis. However, the company faces a problem in the processing tax proposed by the Dominion Government. The millers have made strenuous objections to absorbing this tax and want the cost passed along to the consumer. On the other hand, the Dominion Government has placed upon bakers the responsibility of justifying any increase in bread prices to the consumer. The matter has not yet been settled but if it is decided that the baking companies must absorb this additional cost, earnings of Inter-City Baking may be affected adversely during the current year.

In the year ended Jan. 31 last the company had an operating profit of $327,457, a slight reduction from that reported in the previous year. Net profit was equivalent to $5.47 on the common stock outstanding, compared with $6.16 in the preceding fiscal year.

Through subsidiaries, Inter-City Baking operates four bakeries, one in both Toronto and Ottawa and two in Montreal. They have a combined capacity of 100,000 loaves of bread and over 200,500 pounds of cake daily. A bread and confectionery business is also operated at Brockville through a partially-owned subsidiary.

**Directors**—F. S. Meighen, pres.; C. H. G. Shrot, gen. mgr.; D. A. MacInnes, asst. sec.-treas.; Hugh MacKay, R. W. Reford, L. M. Strachan; Montreal; C. W. Cotter, Ottawa; R. G. Cowan, Toronto.
**Sec.-treas.**—R. R. Hutchison.

### McCormick's Ltd.

McCormick's Ltd., manufacturers of biscuits and candies, has head office in London, Ont. It was acquired by George Weston Ltd. in March, 1937.

Common stock is held by the parent company, and public interest is confined to the 4½% and 4% bonds, maturing in 1952. These are guaranteed unconditionally as to principal and interest by George Weston Co. Financial statements have been consolidated with those of the parent company.

**Directors**—F. A. McCormick, chm. of board, London, Ont.; A. Gairdner, F. W. St. Lawrence, pres.; R. A. Robertson, Toronto; W. Garfield Weston, Marlow, Eng.
**Sec.-treas.**—E. G. Brown.

### Moirs

Earnings of Moirs Ltd., confectionery, bread and biscuit manufacturers of Halifax, will depend largely upon sales in the closing months of the year. To date the volume of business handled by the company has shown a substantial increase over preceding year, due to the heavy influx of troops and other services to the Halifax area in connection with the war effort. Outcome for the year, however, depends very largely upon the volume of business booked in the fall months for the Christmas and New Year's trade.

The betterment in results in recent years reflects in part the policy of the management to concentrate sales efforts in the local markets. Previously an attempt had been made to break into the Quebec-Ontario market. Large sums of money were spent in sales promotional efforts, but the results were disappointing and costly.

Last year Moirs had an operating profit of $115,045 as against $50,968 in 1938. After provision for bond interest, there was a balance of $70,045 which was transferred to depreciation reserve. In the previous year the balance available for depreciation amounted to only $5,968.

**Directors**—J. C. MacKeen, pres.; W. K. McKean, vice-pres.; W. B. Proctor, man. dir.; J. Fred Fraser, C. W. Stairs, D. R. Turnbull, Halifax, N.S.
**Sec.-treas.**—Thomas Hood.

### Viau

Operations of Viau Ltd., Montreal biscuit manufacturers, continue favorable. The increase in employment in the Montreal area and in general throughout the province, has strengthened the demand for products of this company, which has tended to effect advances in cost of materials, etc.

It is still too early to forecast the outcome for the year, as a large proportion of the company's business is done in the last quarter. However, prospects are promising that profits will come up to those of 1939 when gross income of $503,374 was reported as against $463,693 the year before.

During the past year the company installed new ovens, half the cost of which was paid before the end of the fiscal year, and the other half charged to accounts payable. Consequently the plant account at the end of last year stood at $1.3 million as against less than $1.2 million the year before. Despite the relatively heavy capital expenditure, net working capital position of the company was maintained.

Regular dividends have been paid on the preferred stock, but no distribution has been made on the common to date. Last year the company earned 84 cents a share on the junior security, as against 43 cents a share the previous year.

**Directors**—Albert Hudon, chm.; Roger Viau, pres.; Guy Perron, vice-pres.; Wilfrid Gagnon, J. E. Lanoie, E. D. Tetreau; Montreal.
**Sec.-treas.**—Alfred Robitaille.

### George Weston Co.

George Weston Co. showed strong improvement in earnings in the first six months of the current year. Net profit was equal to 62 cents a share on the common stock, as against 50 cents in the same period of 1939.

Dividends continued to be paid at the regular rate on the 5% preferred stock and on the common stock at the rate of 80 cents per annum. The question of a higher dividend on the common stock has been considered officially, but in view of present unsettled conditions, it is considered advisable to adhere to the present rate until the outlook clarifies somewhat.

The company, with subsidiaries, is engaged in the manufacture and sale of fine biscuits, bread, cakes and confectionery throughout Canada and the United States.

Further expansion was effected in 1939 through the purchase of the Associated Biscuit Co. of Salamanca, New York. Capital expenditures of $325,445 also included a new bread and cake plant at Kirkland Lake, Ont., and substantial additions and improvements to plants at Sudbury and Vancouver.

Sales in 1939 of over $21.7 millions represented an increase of more than 10% over 1938. Net profit of $699,099 was up about $165,000 from the previous year.

Interest requirements on the two bond issues of a subsidiary, McCormick's Ltd., were earned 14.97 times after depreciation in 1939, against 10.99 times in 1938. These issues are guaranteed by the parent company.

**Directors**—J. A. Gairdner, chm., Toronto; W. G. Weston, pres., Marlow, Eng.; F. W. St. Lawrence, vice-pres. & man. dir., Toronto; R. E. Watson, vice-pres., Passaic, N.J.; R. A. Robertson, sec.-treas.; E. R. Taylor; Toronto; H. C. Beach, Battle Creek, Mich.
**Asst. sec.-treas**—W. H. Kemp.

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## Butter Stocks At New Level

From Our Own Correspondent

MONTREAL.—More butter was in storage or in transit in Canada at the beginning of September than any other month since the beginning of 1939. According to figures of the Canadian Commodity Exchange there were 58.5 million lb. in warehouses and transit at the beginning of last month. This represents a gain of nearly 8 million lb. over the previous month and compares with the high point of 57.4 million lb. reached in 1939.

Buy War Savings Certificates and War Savings Stamps

Skill, experience and
prompt service.

BRITISH AMERICAN
BANK NOTE COMPANY
LIMITED

The Old Canadian Company

HOWARD W. PILLOW
President

CHARLES G. COWAN
Vice-Pres. & Man. Dir.

G. HAROLD BURLAND
Sec.-Treas.

HEAD OFFICE: OTTAWA
262 Wellington Street

511 Place d'Armes
MONTREAL

1110 Montreal Trust Bldg.,
TORONTO

CASH!

—For Western Consumers To Spend on Eastern Goods

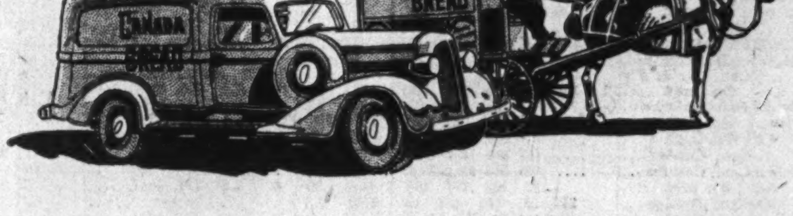
During the past fifty years Burns & Co. Limited has been building up the buying power of the West through steadily increasing purchases of dairy products and livestock. For such purchases this organization has always paid cash, and now distributes many thousands of dollars monthly to Western producers.

A large portion of this money is spent for merchandise manufactured in the East. Employment is thus given to thousands of Eastern workers, who are then in a position to use the meats and meat products distributed by this Company.

It is an economic circle without beginning or end, but one which this company is steadily striving to expand through the creation of new products with new and more varied uses. The newest of these is SPORK—the delicious all-pork product of many uses. Every can that is sold helps to increase the ability of Western consumers to buy Eastern goods.

Burns
SPORK
THE MEAT OF MANY USES

BURNS & CO. LIMITED
THE PIONEER MEAT PACKERS
OF THE CANADIAN WEST



The Importance of
CANADA BREAD
To Canadians

BESIDES quality bread and cakes, delicious rolls, pies and biscuits Canada Bread means a number of other things to the people of Canada.

To 1,945 people Canada Bread means happy, profitable employment or, to a total of over 8,000 people, Canada Bread means support.

To every employee Canada Bread means more than mere employment. It means employment and holidays with pay—life, accident and sickness insurance.

To the workers in automotive plants Canada Bread means the employment necessary to make and maintain 438 motor vehicles.

To the Canadian farmer Canada Bread means the sale of one and one-half million bushels of wheat and over one million pounds of milk products.

To the lumber industry Canada Bread means revenue from the purchase of approximately half a million dollars worth of wax paper, cellophane and other wrappings.

To Canadians generally, Canada Bread means the circulation of money resulting from purchases amounting to over $4,000,000.00 annually.

CANADA BREAD
COMPANY LIMITED

"The QUALITY Goes In Before The NAME Goes On"

# Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

# THE WEEK'S QUOTATIONS

WEEK ENDING OCTOBER 21

| Range 1940 High | Low | Div R'te $ | Oct19 Y'ld % | | Sales | Last Oct. 14 | Week end. Oct. 21 H | L | Cl'se |
|---|---|---|---|---|---|---|---|---|---|
| | | | | **A** | | | | | |
| 2.50 | .50 | . | ... | Abitibi | 15065 | .50 | .95 | .50 | .75 |
| 27½ | 2½ | . | ... | Do. pref. 6% | 5771 | 3½ | 6 | 3½ | 4½ |
| 33 | 5½ | . | ... | Do. pref. 7% | 5 | 9 | 7 | 7 | 7 |
| 6 | 3 | . | ... | Acme Glove | .... | (2 bid — asked) | | | |
| 57 | 45 | 6.50 | ... | Do. pref. | .... | (45 bid 50 asked) | | | |
| 12½ | 9 | 80+20c | 8 | Agnew Surp. | .... | (11 bid 12 asked) | | | |
| 110 | 105 | 7 | 6.5 | Do. pref. | .... | (105 bid — asked) | | | |
| 3.00 | .75 | . | ... | Alta. Pac. Gr. | 185 | 1.75 | 2.00 | 1.50 | 2.00 |
| 36 | 20 | . | ... | Do. pref. | .... | (28½ bid 30 asked) | | | |
| 16⅞ | 7 | . | ... | Algoma Steel | 25 | 10⅞ | 10⅞ | 10⅞ | 10⅞ |
| 100 | 81 | $2.50 | .. | Do. pref. | 70 | 88 | 88 | 86 | 87 |
| 145 | 80 | $4.50 | .. | Aluminum | 18 | 115½ | 116⅞ | 115 | 116⅞ |
| 125 | 100½ | 6 | 4.8 | Do. pref | 10 | 103 | 125 | 112 | 125 |
| 8½ | 5 | . | ... | Amal. Electric. | .... | (4½ bid — asked) | | | |
| 43 | 34⅞ | 60c | 1.7 | Amer. Cyn. B. | .... | (34⅞ July 16) | | | |

| Range 1940 High | Low | Div R'te $ | Oct19 Y'ld % | | Sales | Last Oct. 14 | Week end. Oct. 21 H | L | Cl'se |
|---|---|---|---|---|---|---|---|---|---|
| .20 | .05 | . | ... | For. Pr. Secs. | .... | (.15 Apr. 25) | | | |
| 15½ | 6 | $50c | .. | Foundation Co. | 85 | 11½ | 11 | 11 | 11 |
| 20 | 6 | . | ... | Fraser Cos. | 5 | 9½ | 9⅞ | 9⅞ | 9⅞ |
| 21⅞ | 7½ | . | ... | Do. Vot. Tr. | 320 | 11½ | 11⅞ | 11½ | 11½ |
| .50 | .50 | . | ... | Freiman | .... | (.50 bid — asked) | | | |
| 38 | 32 | . | ... | Do. pref. | .... | (32 bid — asked) | | | |
| 16½ | 9 | 80c | 6.9 | Gatineau Pwr. | 171 | 11½ | 11½ | 11 | 11½ |
| 97 | 79 | 5 | 5.6 | Do. pref. | 66 | 90 | 90 | 87½ | 87½ |
| 105½ | 90 | 5.50 | 6.1 | Do. 5½% pref. | .... | (91 bid 98 asked) | | | |
| 6 | 1½ | . | ... | Do. Rights | 20 | 1½ | 1½ | 1½ | 1½ |
| 10⅞ | 4½ | . | ... | Gen. St. Wares. | 95 | 6½ | 6⅞ | 6½ | 6⅞ |
| 96½ | 77 | 7+57cs | .. | Do. pref. | 50 | 88 | 91⅞ | 91 | 91 |
| 87 | 58 | 2.50+2.50 | 7 | Goodyear T. | 10 | 73 | 74½ | 74½ | 74½ |
| 57½ | 51 | 2.50 | 4.5 | Do. pref. | 73 | 54 | 55 | 54 | 55 |
| *50 | 50 | $3 | ... | Gould Pumps p. | .... | (— bid — asked) | | | |
| 8 | 4 | . | ... | Gt. Lakes Pap. | .... | (2½ bid 4 asked) | | | |
| 29 | 18½ | $75c | ... | Do. pref. | .... | (— bid 27 asked) | | | |
| 8 | 2 | . | ... | Do. Vot. tr. c | 8 | 2 | 3 | 3 | 3 |
| 27½ | 13 | $75c | ... | Do. Vot. tr. p | 35 | 20 | 20 | 18 | 20 |

## Mining Stocks

Week Ending October 21

## Oil Stocks

## Vancouver Stocks

## Oil Quotations

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | .42 | .19 | Pacific Petroleum | 2,000 | .25 | .31 | .28 | .31 |
| 25c. | .21½ | .08½ | Prairie Royal | 2,000 | .10 | .08½ | .08½ | .08½ |
| No | .10½ | .06 | Royal Crest | ...... | (.07 bid .... asked) | | | |
| No | 36.00 | 15.00 | Royalite | ...... | (20.00 bid .... asked) | | | |
| No | .19½ | .08½ | Royal Canadian | 18,100 | .09½ | .09½ | .08½ | .08½ |
| No | .07½ | .03 | South End | ...... | (.03½ May 16) | | | |
| No | .60 | .21 | Southwest Pete. | ...... | (.25 Sept. 11) | | | |
| 1 | .06 | .02 | Spooner | 400 | .05 | .02 | .02 | .02 |
| 25c. | .38 | .14 | Sunset Oil | 800 | .15 | .14 | .14 | .14 |
| No | .09 | .03½ | United | ...... | (.04 bid .... asked) | | | |
| No | .07 | .03½ | Vanalta | ...... | (.03½ bid .05 asked) | | | |
| 1 | .63 | .23 | Vulcan | ...... | (.30 bid .40 asked) | | | |
| No | .05 | .03 | West Flank | ...... | (.05 May 11) | | | |

* Quotations for 1939.

## Winnipeg Stocks

(Transactions from Oct. 14 to Oct. 19)

| | Sales | High for period | Low for period | Close Oct. 19 |
|---|---|---|---|---|
| Arrow Oil | 2,500 | .33½ | .33½ | .33½ |
| Federal Grain, pref. | 2 | 35.00 | 35.00 | 35.00 |
| Great West Life | 3 | 210.00 | 210.00 | 210.00 |
| Proprietary Mines | 700 | 2.35 | 2.30 | 2.35 |
| United Grain | 25 | 8.00 | 7.75 | 7.75 |
| Western Steel | 25 | 8.00 | 8.00 | 8.00 |
| Wingold | 7,100 | .05½ | .05½ | .05½ |

Stocks Not Traded in During Week*

| | Bid | Asked |
|---|---|---|
| Beaver Fire | 75 | .. |
| Beav. Lumber, c. | .. | 4 |
| Do., pref. | 99 | 102 |
| Can. Airways | 1 | .. |
| Can. Indemnity | 120 | .. |
| Dom. Envelope p. | 90 | .. |
| Federal Grain, c. | .. | 1¼ |

| | Bid | Asked |
|---|---|---|
| Monarch Life | 33 | .. |
| Nor. C. Mtge., p. | 5 | .. |
| North. Trusts | .. | 7 |
| Traders Bldg. | 39 | .. |
| West. Grain p. | 7 | .. |
| West. Brew. | 1½ | .. |
| Wings | .15 | .. |

*Stocks more active on other exchanges not included.

## Volume of Stock Sales

| | Montreal Markets Indust. | Montreal Markets Mines | Toronto Markets Ind. & Mines | Vancouver Markets Ind. & Mines |
|---|---|---|---|---|
| Oct. 22 | 5,000 | 11,600 | 371,000 | ...... |
| Oct. 21 | 5,300 | 16,500 | 468,000 | 12,477 |
| Oct. 19 | 3,100 | 6,500 | 208,000 | 19,800 |
| Oct. 18 | 5,300 | 15,300 | 370,000 | 20,575 |
| Oct. 17 | 9,400 | 13,400 | 325,000 | 19,775 |
| Oct. 16 | 11,700 | 7,300 | 318,000 | 19,043a |

## Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Dominion of Canada Bonds
Oct. 23, 1940

| % | Due | Bid | Ask. | Approx. Yld. |
|---|---|---|---|---|
| 1 | Mar. '41 | 99¾ | 101¼ | .55 |
| 5 | Nov. '41 | 103⅞ | 104⅛ | 1.13 |
| 1½ | May '42 | 100⅛ | 100⅜ | 1.12 |
| 2 | June '42 | 100⅞ | 101⅜ | 1.16 |
| 3 | Oct. '42 | 102¼ | 103¼ | 1.35 |
| 2½ | June '43 | 102 | 102½ | 1.52 |
| 5 | Oct. '43 | 108¼ | 109¼ | 1.82 |
| 2 | June '44 | 100⅞ | 101½ | 1.69 |
| a2½ | Jan. '44 | 93⅞ | 95‡ | 3.90 |
| 4½ | Oct. '44 | 108⅞ | 109⅜ | 2.05 |
| 2½ | Nov. '44 | 101⅞ | 102½ | 1.86 |
| a2½ | Aug. '45 | 92⅞ | 93⅞‡ | 3.93 |
| 4 | Oct. '45 | 105¼ | 106 | b1.93 |
| 4½ | Feb. '46 | 109¼ | 110¼ | 2.44 |
| 3½ | June '49 | 101⅞ | 102½ | b2.77 |
| 3½ | Oct. '49 | 102½ | 103 | b2.70 |
| 3½ | Nov. '51 | 100¼ | 101 | b3.11 |
| 3½ | Feb. '52 | 100¼ | 101 | b3.10 |
| a5 | May '52 | 99 | 99⅞‡ | 5.03 |
| 4 | Oct. '52 | 105 | 105⅞ | b3.08 |
| 3 | June '55 | 98 | 98⅞ | 3.11 |
| 4½ | Nov. '56 | 107 | 107⅞ | b3.09 |
| 4½ | Nov. '57 | 107¾ | 108¼ | b3.18 |
| 3 | June '58 | 97 | 97⅞ | 3.17 |
| 4½ | Nov. '58 | 108¼ | 109 | b3.24 |
| 4½ | Nov. '59 | 109 | 109⅞ | b3.26 |
| a4 | Oct. '60 | 92⅞ | 93⅞‡ | 4.48 |
| a3½ | Jan. '61 | 83¼ | 83⅞‡ | 4.39 |
| 3½ | June '66 | 99¼ | 100 | 3.25 |
| a3e | Jan. '67 | 80¼ | 81⅞ | 4.14 |
| a3e | Nov. '68 | 80½ | 81⅞‡ | 4.10 |
| †3 | Perpet'l. | 88½ | 89½ | 3.36 |
| **Dominion Guarant'd Bonds** | | | | |
| **Can. Nat'l. Railway:** | | | | |
| 2 | Feb. '43 | 100¼ | 101¼ | 1.45 |
| 2½ | Jan. '46 | 99¼ | 100¼ | 2.20 |
| 3 | May '44 | 103¼ | 104 | 1.83 |
| 3 | Dec. '50 | 98 | 99 | 3.11 |
| 3 | Feb. '53 | 97 | 98 | 3.20 |
| 3 | Jan. '59 | 95⅞ | 96⅞ | 3.23 |
| *4½ | Sept. '51 | 112 | 113 | 3.10 |
| *4½ | Feb. '56 | 112⅞ | 113⅞ | 3.36 |

| % | Due | Bid | Ask. | Approx. Yld. |
|---|---|---|---|---|
| 4½ | July '57 | 113 | 114 | 3.41 |
| *4⅜ | June '55 | 114⅞ | 115⅞ | 3.40 |
| 5 | Feb. '54 | 115 | 116 | 3.50 |
| *5 | July '69 | 112 | 113 | b2.61 |
| *5 | Oct. '69 | 116 | 117 | b3.30 |
| *5 | Feb. '70 | 115⅞ | 116⅞ | b3.34 |
| **Grand Trunk Pacific Rly.:** | | | | |
| 3 | Jan. '62 | 98 | 99 | 3.06 |
| **Provincial Govt. Bonds** | | | | |
| **New Brunswick:** | | | | |
| 3 | Oct. '51 | 85½ | 87½ | 4.45 |
| 3½ | Aug. '49 | 88 | 90 | 4.64 |
| 3½ | June '56 | 87 | 89 | 4.49 |
| c4 | Nov. '47 | 95½ | 97½ | 4.42 |
| c4½ | Apr. '61 | 98½ | 101 | 4.42 |
| c5 | Jan. '60 | 101 | 103 | 4.76 |
| **Nova Scotia:** | | | | |
| 3 | Jan. '52 | 91 | 93 | 3.75 |
| 3½ | June '56 | 91 | 92 | 3.94 |
| 3½ | Nov. '50 | 96 | 97½ | 3.80 |
| c4½ | Sept. '52 | 104½ | 106½ | b3.45 |
| c4½ | Nov. '60 | 105 | 107 | 4.00 |
| c5 | Mar. '60 | 110½ | 112½ | 4.06 |
| **Ontario:** | | | | |
| 2½ | May '45 | 99¼ | 100¼ | 2.44 |
| 3 | Apr. '48 | 98 | 99 | 3.15 |
| 3 | Nov. '50 | 97½ | 98½ | 3.18 |
| 3½ | Nov. '51 | 99 | 100 | 3.25 |
| 3½ | May '55 | 98 | 99 | 3.34 |
| *4 | June '62 | 105 | 107 | 3.54 |
| 4½ | June '50 | 108⅞ | 109⅞ | 3.31 |
| *4½ | Jan. '62 | 111¼ | 113¼ | 3.59 |
| 5 | Oct. '48 | 111¼ | 112¼ | 3.25 |
| *5 | Dec. '60 | 117 | 119 | 3.67 |
| 5½ | July '46 | 111¼ | 112½ | 3.15 |
| **Ont. Hydro Commission:** | | | | |
| 3 | Aug. '48 | 98 | 99 | 3.14 |
| 3½ | Feb. '53 | 98½ | 99½ | 3.32 |
| 3½ | Apr. '47 | 101 | 102½ | 3.07 |
| **Prince Edward Island:** | | | | |
| 3 | Oct. '45 | 94½ | 96 | 3.87 |
| **Quebec:** | | | | |
| 3 | Nov. '47 | 94 | 95 | 3.78 |
| 3½ | Mar. '48 | 95 | 96 | 3.88 |

| % | Due | Bid | Ask. | Approx. Yld. |
|---|---|---|---|---|
| 3½ | Mar. '54 | 90½ | 91½ | 4.07 |
| 3½ | Mar. '59 | 91½ | 93½ | 4.00 |
| 4 | Mar. '52 | 99 | 101 | [illegible] |
| 4½ | Aug. '58 | 100 | 102 | [illegible] |
| 4½ | Jan. '63 | 103 | 105 | 4.18 |
| **Alberta:** | | | | |
| 4 | Dec. '54 | 53 | 57 | d |
| 4½ | Oct. '51 | 60 | .. | d |
| c4½ | Oct. '56 | 54½ | 58½ | d |
| *5 | Oct. '59 | 56⅞ | 60½ | d |
| c5½ | Apr. '52 | 62½ | 66½ | d |
| 6 | Mar. '47 | 65 | 69 | d |
| **British Columbia:** | | | | |
| c4 | Dec. '37 | 97½ | 101½ | [illegible] |
| *4½ | Jan. '51 | 100 | 104 | [illegible] |
| c4½ | Oct. '33 | 100 | 104 | [illegible] |
| c5 | Apr. '54 | 103 | 107 | [illegible] |
| 5½ | Feb. '45 | 101 | 105 | [illegible] |
| 6 | Feb. '47 | 103 | 107½ | [illegible] |
| **Manitoba:** | | | | |
| c4 | Dec. '37 | 88 | 92 | [illegible] |
| c4½ | Dec. '36 | 90½ | 94½ | [illegible] |
| *5 | Dec. '59 | 94 | 98 | [illegible] |
| 5½ | Oct. '55 | 97 | 101 | [illegible] |
| 6 | Apr. '47 | 99 | 103 | [illegible] |
| **Saskatchewan:** | | | | |
| 4 | Sept. '54 | 72 | 76 | [illegible] |
| 4 | Nov. '60 | 71 | 75 | [illegible] |
| c4½ | Oct. '51 | 82½ | 86½ | [illegible] |
| c4½ | Mar. '60 | 74 | 78 | [illegible] |
| 5 | Aug. '58 | 80 | 84 | [illegible] |
| 5½ | Oct. '52 | 85 | 90 | [illegible] |
| 6 | Mar. '52 | 89 | 93 | [illegible] |

*—Payable Can., N.Y. and £. b—Calculated to call date giving lowest possible yield. c—Payable Can. & N.Y. a—Payable N.Y. †—Callable on or after Sept. 15, 1966. d—Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e—Callable at a premium. ‡—N.Y. funds.

## Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Oct. 22, 1940

| Industrials: | Bid | Ask: |
|---|---|---|
| Acme Farm. D. | 23 | 25 |
| Andian National | 29½ | 30⅞ |
| Anglo C. Tel., A | 8 | 8⅞ |
| Atlas Steel | 15 | 19 |
| Barrymore, pfd. | 28 | .. |
| Blue T. Brew. A | 8 | 9 |
| B. C. Pulp, c. | 18½ | 20 |
| Do., pfd. | 70 | 78 |
| B. C. Sugar | 72 | 76 |
| B. C. Tel., 1st pf | 111 | 113 |
| Burns & Co., A | 4⅞ | 5⅞ |
| Do., B | 2⅞ | 3⅞ |
| Can. Col. Air. | 3 | 4 |
| Can. Co-op Wool | 6½ | 8 |
| Can. Cr. Stone p | 22 | .. |
| C. I. L., A c. | 225 | .. |
| Can. Ing. Rand. | 70 | 73 |
| C. Motor L.A. B | 2½ | .. |
| Can. Tube, 1st p | 67 | 70 |
| Chase, A. W., p. | 17 | 19 |
| Claude Neon, p. | 5 | 6⅞ |
| Colonial Steam. | 16½ | 18 |
| Dom. Manuf., p. | 60 | 65 |
| Dunlop T. p. $25 | 22½ | 23½ |
| Easy Wash. p $10 | 9 | 10 |
| Goderich Elev. | 7½ | 8½ |
| Guard. Realty, p | 15 | 18½ |
| Guelph Carp., p | 98 | 101 |
| Do., com. | 16½ | 19½ |
| Gurney Fdy., p. | 1⅞ | 1⅞ |
| Hayes Steel, c. | 9½ | 10½ |
| Hi'land Dairy, p. | 45 | 50 |
| Homewood San. | 100 | 120 |
| Inglis, John, c. | 5½ | 7 |
| Ingram & Bell | 21 | 25 |
| Kingston Sh. un | 22 | 24 |
| Loblaw Inc., c. | 12½ | 13 |

| | Bid | Ask. |
|---|---|---|
| Minn.&Ont. Pap | 3⅞ | 4½ |
| Morrison Br. un | .. | 5 |
| M'row Screw, p. | 99 | .. |
| Do., com. | 10 | .. |
| Neilson, Wm., c. | 10 | .. |
| Do., pfd. | 101 | .. |
| N. B. Tel., c. | 13 | 15 |
| N. Meth. Ldy., p | 52 | 57 |
| Niag. L. A. Br. | .. | 52 |
| Ont. Tobacco, p. | 14 | .. |
| Paterson, Wm. p | 100 | .. |
| Prov. Paper, pfd | 103 | 105 |
| Ruddy, E. L., p. | 24½ | 27½ |
| Seal O Sac(Can.) | 1 | 2 |
| Stand. Fuel, p. | 57 | 63 |
| Stedman pf., $50 | 55 | 58 |
| Tor. Carpet, c. | 28 | 32 |
| Do., pfd. | 59 | 64 |
| Un. F. Co-op. | 2½ | 3 |
| Un. Steel, A pf. | 22½ | 24 |
| Viceroy, p. & rts | 25 | .. |
| **Trusts & Loan Stocks:** | | |
| Brit. Mtge. | 126 | .. |
| Capital Trust | 26 | 29 |
| Com. Fin., c. | 2½ | 3 |
| Grey & B. Tr. $50 | 52 | 45 |
| Guaranty Trust | 98 | 101 |
| Guelph & C. $50 | 52 | 55 |
| Lambton Loan | 30 | .. |
| London & West. | 34 | 40 |
| Sherbrooke Tr. | 120 | .. |
| Sterling Tr. | 57 | .. |
| Traders Fin. A c | 10 | 11 |
| Do., A pfd. | 82 | 87 |
| Trusts & Guar. | 24 | 25½ |
| Victoria Trust | 70 | 80 |
| **Insurance Stocks:** | | |
| Brit. Amer. | 52 | 57 |

| | Bid | Ask. |
|---|---|---|
| Canada Life | 390 | 420 |
| Canadian Fire | 77½ | .. |
| Confed. 30% pd. | 130 | 140 |
| Crown, fully pd. | 235 | 270 |
| Dominion Fire | 130 | .. |
| D. of Can. Gen. | 100 | 110 |
| Empire 25% pd. | 5 | 6 |
| Excelsior 36% pd | 57 | 62 |
| Federal 25% pd. | 50 | 54 |
| Great-West Life | 210 | 225 |
| Imperial Life | 290 | 300 |
| Manufac. Life | 215 | 240 |
| Sov. L., 25% pd. | 12½ | 13 |
| Sun Life | 340 | 380 |
| Tor. General | 5 | 5½ |
| Wellington Fire | 58 | .. |
| Western Assce. | 40 | 43 |
| **Theatre Stocks:** | | |
| Allens Kings., p. | 62 | 65 |
| Do., London p | 52½ | 56 |
| Do. St. Cath. p | 50 | 54 |
| Do., Tor., p. | 31 | 35 |
| Mansf. Theat., p | 26 | 30 |
| Para. Kitch., p. | 50 | 55 |
| Do., Oshawa c | 9½ | 11 |
| **Investment Trust Shares:** | | |
| Can. Investors | 5½ | 6½ |
| Deb. & Sec., pf. | 62 | .. |
| Sec's. Hold., pf. | 18 | 22 |
| United Corp., A | 18 | .. |
| Do., B | 4½ | 5½ |
| **Power Issues:** | | |
| Can. W. N. Gas | 25 | .. |
| Do., pfd. | 99 | 101½ |
| Gt. Lakes Pr., p. | 99 | 103 |
| Mtl. Is. Pwr., p. | 20 | .. |
| Nor. Ont. Pr., p. | 76 | 84 |

## Unlisted Mines

Toronto, Oct. 22, 1940

| | Bid | Ask |
|---|---|---|
| Acordia | .25 | .27 |
| Addington | .01 | .02 |
| Albany River (Old) | .11 | .12½ |
| (New) | .27 | .30 |
| Amal Kir | .06⅞ | .07½ |
| Anoki | .06½ | .07 |
| Arjon | .02½ | .03½ |
| Armistice | .02 | .04 |
| Argosy | .06½ | .07½ |
| Area | .03 | .04 |
| Arno | .. | .01½ |
| Athona (Old) | .01 | .02 |
| (New) | .02 | .03 |
| Barb Lard | .01⅞ | .02½ |
| Bilmac | .00⅞ | .01½ |
| Bonetal | .43 | .45 |
| Brock | .24½ | .26 |
| Buff Bear | .01 | .02 |
| Calder Bo | .02 | .04 |
| Central M | .02½ | .03½ |
| Cheminis | .02½ | .03½ |
| Coin Lake | .03 | .04 |
| Cons Chib | .04½ | .06 |
| Crescent | .01 | .02 |

| | Bid | Ask |
|---|---|---|
| Dayton | .01 | .01½ |
| Demp Cad | .00½ | .01 |
| Desants n | .16 | .20 |
| Dona Pat | .03 | .03½ |
| E Lacoma | .00½ | .01 |
| Elmos | .05 | .06½ |
| Franco | .25 | .29 |
| Galore | .01½ | .03 |
| Gate Pat | .00½ | .01 |
| Gilbec | .00½ | .01 |
| Gordon Lb | .01 | .02 |
| Hiawatha | .04 | .05½ |
| Hoyle nw | .26 | .27 |
| Hugh PaP | .05½ | .06½ |
| Hutch Lke | .01½ | .02½ |
| Keora | .01 | .02 |
| Kenricia | .01½ | .03 |
| Kewaga'a | .. | .02 |
| Kiena | .06 | .08 |
| Kirk Gate | .01 | .02 |
| Lacoma | .00⅞ | .01½ |
| Lake Duf | .24 | .26 |
| Lake Gen | .06 | .. |
| Lw Pete | .15 | .20 |
| Magnet C | .89 | .94 |
| Magnet L | .19 | .. |

| | Bid | Ask |
|---|---|---|
| Magwell | .02 | .05 |
| Martin Br. | .02½ | .03½ |
| Margaret | .08 | .10 |
| Mata Can | .06½ | .08 |
| Mof Hl n | .01½ | .02 |
| Monarch | .01½ | .02 |
| Mooshla | .01 | .02 |
| Mosher | .07½ | .. |
| McGregor | .02½ | .03½ |
| Nat Mal | .47 | .52 |
| Negus | .65 | .75 |
| New Roy | .00½ | .01 |
| Nickel O | .90 | 1.05 |
| Norbeau | .19 | .. |
| Norlake | .01 | .02 |
| Norwin | .04 | .06 |
| Oklend | .08 | .09 |
| O'Leary | .01⅞ | .02½ |
| Opemiska | .02 | .04 |
| Oriole | .01½ | .01⅞ |
| Orpit | .01 | .02 |
| Ossian | .01 | .02 |
| Pascalis | .22 | .27 |
| Pontiac R (Old) | .02 | .04 |
| Pelangio | .02 | .02⅞ |

| | Bid | Ask |
|---|---|---|
| Polaris | .15 | .20 |
| Propri'y | 2.40 | 2.55 |
| Presdor | .03½ | .04½ |
| Queb Man | .05½ | .07 |
| Rahn Lke | .01½ | .02½ |
| Rand Ml | .10 | .11 |
| Red Lake | .02½ | .04 |
| Sachigo | 2.00 | 3.00 |
| Senore | .07½ | .09 |
| Shenango | .02 | .02⅞ |
| Sheldon | .03½ | .05 |
| Siscoe Ex | .01½ | .02½ |
| Skynner | .03½ | .04½ |
| Smelters G | .00½ | .01½ |
| Spooner | .04½ | .05½ |
| Sunbeam | .03 | .04 |
| Springer | .03½ | .04½ |
| Stadacona | .07½ | .08⅞ |
| Thomson | .08 | .10 |
| Thomp Cd | .02 | .04 |
| Treaty P | .. | .23 |
| Union Min | .03½ | .. |
| Wasu | .03 | .06 |
| West Red | .02½ | .04 |
| Woco | .03 | .05 |
| Y David'n | .24 | .25 |

Montreal, October 22, 1940

| | Bid | Ask |
|---|---|---|
| Cad Exp | .02 | .04 |
| Chibmac | .. | .02 |
| C. Pand'ra | .01 | .02 |
| Cournor | .20 | .23 |
| Dubisson | .08 | .12 |
| L Rowan | .03 | .05 |
| Obalski | .01½ | .03 |
| Pan Can | .07 | .08 |
| Scott Ch | .02 | .03 |
| Westwd C | .01 | .02 |

## Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Oct. 22, 1940

| Public Utility Issues: | Int. Rate % | Due | Bid Oct. 22 | Asked | Bid Oct. 15 |
|---|---|---|---|---|---|
| †Assoc. Tel. & T. | 5½ | '55 | 74 | 77 | 74½ |
| B. C. Power | 4½ | '60 | 100½ | 103½ | 99½ |
| B. C. Tel. | 4½ | '61 | 104½ | 107½ | 104 |
| †Calgary Pwr. | 5 | '60 | 106 | 109 | 105 |
| Do. | 5 | '64 | 102 | ... | 104 |
| †Can. Nor. Pwr. | 5 | '53 | 104 | 107 | 104 |
| *Dom. Gas & El. | 6½ | '45 | 101½ | 104½ | 101½ |
| Gatineau Pwr. | 5 | '49 | 102½ | 105½ | 102 |
| Do., A | 3⅞ | '69 | 97½ | 100½ | 97 |
| Gt. Lakes Pwr. | 4½ | '56 | 98 | 101 | 97 |
| *Int. Hydro-E. | 6 | '44 | 74 | 77 | 74 |
| ▲Inter. Power | 6 | '55 | 100½ | ... | 100½ |
| Macl'n-Que. Pr. | 4 | '59 | 96½ | 99½ | 97 |
| Mtl. L. H. & P. | 3½ | '56 | 99 | 102 | 98½ |
| Do. | 3½ | '73 | 96 | 99 | 95½ |
| †Mtl. Tramways | 5 | '41 | 91 | 94 | 90½ |
| †Do. | 5 | '55 | 64 | 67 | 64 |
| Nat. Lt. & Pwr. | 6 | '49 | 98½ | 101½ | 98½ |
| N. S. Lt. Pr. | 4 | '57 | 99½ | ... | 99 |
| Ottawa H. & P. | 4 | '57 | 99½ | ... | 99 |
| Ottawa V. Pwr. | 5 | '59 | 102 | 105 | 102 |
| †Power Corp. | 4½ | '59 | 97½ | 100½ | 98 |
| Quebec Pwr. | 4 | '62 | 100 | 103 | 100½ |
| *Saguenay P., A. | 4½ | '66 | 105 | ... | 105 |
| ♦Do., B. | 4½ | '66 | 103 | ... | 103 |
| Shaw. W. & P. | 4 | '61 | 102 | 105 | 101½ |
| Union Gas | 4½ | '50 | 102 | 105 | 102 |
| †United Secs. | 5½ | '52 | 61½ | 64½ | 60½ |
| Wpg. El., ser. A | 4 | '65 | 74 | 77 | 73½ |
| **Industrial and Realty Issues:** | | | | | |
| †Abitibi P. & P. | 5 | '53 | 68 | 71 | 70 |
| Acadia Sugar | 4½ | '55 | 100 | ... | 99 |
| †Alta. Pa. Grain | 6 | '46 | 98 | 101 | 97 |
| Atlantic Sugar | 4 | '51 | 99 | ... | 99 |
| †B. C. P. & Pap. | 6 | '50 | 97 | 100 | 97½ |
| *Brown Co. | 5½ | '46 | 55½ | 58½ | 57½ |
| Burns & Co. | 5 | '58 | 65 | 68 | 63 |
| Canada Bread | 6 | '41 | 101 | 104 | 101 |
| Canada Cement | 4½ | '51 | 103½ | 106½ | 103 |
| Can. Paper | 4½ | '52 | 97½ | ... | 97½ |
| Can. Steamship | 5 | '57 | 96 | 99 | 96½ |
| Can. Canners | 4 | '51 | 100 | 103 | 100 |
| *Can. Int. Paper | 6 | '49 | 102½ | 105½ | 102 |
| C. P. R. | 3½ | '51 | 88½ | 91½ | 89 |
| Do. | 4 | '49 | 92½ | 95½ | 93 |
| Do. | 4½ | '44 | 97 | 100 | 96½ |
| Do. | 6 | '42 | 102½ | 105½ | 102 |
| †Consol. Paper | 5½ | '61 | 67 | 70 | 67½ |
| Dom. Coal | 4½ | '52 | 100 | ... | 100 |
| ▲Dom. Stl. & Co. | 6½ | '55 | 106½ | 109½ | 106 |
| Dom. Tar | 4½ | '51 | 101 | 104 | 100½ |
| †Donnacona P. | 4½ | '56 | 79 | 82 | 80½ |
| Famous Players | 4½ | '51 | 99½ | 102½ | 99½ |
| †Federal Grain | 6 | '49 | 98 | 101 | 97 |
| †Fraser Cos. | 6 | '50 | 98 | 101 | 98½ |
| Gen. Stl. Wares | 4½ | '52 | 98½ | 101½ | 98 |
| *Great L. Paper | 5 | '55 | 92 | 95 | 92½ |
| †Gypsum, Lime | 5½ | '48 | 98 | ... | 97 |
| Ham. By-Pr. C. | 5 | '55 | 101 | 104 | 101 |
| Inter.-City Bak. | 5½ | '48 | 100 | ... | 100 |
| *Inter. P., Nfld. | 4½ | '68 | 89 | ... | 93 |
| Lake St. J. P. | 5½ | '61 | 89 | 92 | 90 |
| †Maple Leaf M. | 3 | '58 | 73 | 76 | 72 |
| Massey-Harris | 4½ | '54 | 92 | 95 | 91½ |
| McColl-Fron. | 4½ | '49 | 101½ | 104½ | 102 |
| McCormick's | 4 | '52 | 94½ | ... | 94½ |
| *Mercury Mills | 5½ | '53 | 92 | 95 | .. |
| *M. & O. Paper | 6 | '45 | 50½ | 53½ | 48 |
| Nat. Grocers | 4 | '47 | 100 | ... | 100 |
| N. S. Stl. & Co. | 3½ | '63 | 83½ | ... | 82 |
| Price Bros. | 5 | '57 | 98 | 101 | 97½ |
| *Prov. Paper | 5½ | '47 | 103 | ... | 103 |
| Reliance Grain | 4½ | '52 | 94 | ... | 94 |
| †Restigouche Co. | 6 | '48 | 98 | 101 | 97½ |
| Rolland Paper | 4½ | '51 | 102 | 105 | 102½ |
| Simpson's Ltd. | 4½ | '51 | 101 | 104 | 101 |
| Smith, Howard | 4½ | '51 | 103½ | 106½ | 103 |
| *United Gas | 5½ | '48 | 102½ | ... | 102½ |
| United Gr. Grs. | 5 | '48 | 94½ | ... | 94 |
| †Western Grain | 6 | '49 | 50½ | 53½ | 52 |

*Payable in Canada, or U. S.
†Payable in Can., U. S., or U. K.
▲Payable in Can. or U. K.
*Payable in U. S. only.
♦Payable in Canada only.

## Municipal Bonds

Oct. 22, 1940

| | | | | | |
|---|---|---|---|---|---|
| †Halifax | 5 | 1961 | 106.00 | 110.00 | 4.27 |
| Hamilton | 5 | 1950 | 110.50 | 112.50 | 3.45 |
| Montreal | 5 | 1945 | 95.00 | 98.00 | 5.52 |
| Ottawa | 4½ | 1945 | 104.15 | 106.15 | 3.10 |
| †Quebec | 5 | 1959 | 104.00 | 108.00 | 4.37 |
| Saint John | 5 | 1950 | 102.00 | 106.00 | 4.28 |
| †Toronto | 4½ | 1953 | 109.30 | 111.30 | 3.50 |
| †Vancouver | 5 | 1950 | 99.00 | 102.00 | 4.73 |
| Winnipeg | 5 | 1944 | 100.00 | 103.00 | 4.03 |

†Payable Can. and N.Y.

## Mining Dividends

| | Rate | Close Oct. 21 | Yield % |
|---|---|---|---|
| Beattie Gold | ‡12c | 1.03 | .. |
| Bralorne | 80c+40c | 10.00 | *12 |
| Broulan Porc. | 3c | .81 | .. |
| Buffalo Ankerite | ‡31c | 4.35 | .. |
| Bulolo Gold | $3 | 15.00 | 20 |
| Can. Malartic | ‡6c | .58 | .. |
| Cariboo Gold | 16c+6c | 2.25 | *9.7 |
| Central Patricia | 16c+7c | 1.98 | *11.6 |
| Cochenour Willans | †3c | .78 | .. |
| Coniagas | ‡25c | 1.25 | .. |
| Coniaurum | 16c | 1.44 | 11.1 |
| Cons. Smelters | $1+$1 | 40.00 | *5 |
| Delnite | ‡6c | .85 | .. |
| Dome Mines | $2 | 23.25 | 8.6 |
| East Malartic | ‡20c | 3.50 | .. |
| God's Lake | 2½c | .38 | .. |
| Gold Belt | †2c | .22 | .. |
| Gunnar Gold | ‡6c | .41½ | .. |
| Hallnor | 60c | 5.50 | 10.9 |
| Hard Rock | ‡9c | 1.05 | .. |
| Hedley Mascot | ‡8c | .43 | .. |
| Hollinger | 65c+45c | 13.00 | *8.4 |
| Howey Gold | ‡2c | .29 | .. |
| Hudson Bay | $1.75 | 25.00 | 7 |
| Inter. Nickel, com. | $2 | 37.75 | 5.3 |
| Island Mountain | ‡8c | .85 | .. |
| Kerr Addison | ‡10c | 3.15 | .. |
| Kerr Lake | ‡5c | .20 | .. |
| Kirkland Lake | 10c+2c | 1.00 | *12 |
| Kootenay Belle | ‡12c | .35 | .. |
| Lamaque Gold | 40c+10c | 4.90 | *10.2 |
| Lake Shore | $2 | 22.00 | 9.1 |
| Leitch | 8c | .55 | 14.5 |
| Little Long Lac | 30c | 2.30 | 13 |
| Macassa | 32c | 3.60 | 8.8 |
| Madsen R. Lake | †3c | .57 | .. |
| McGillivray Coal | 3c | .25 | .. |
| McKenzie Red L. | 12c+2c | 1.15 | *12.1 |
| McWatters | 10c | .31 | .. |
| Moneta | 12c | .62 | .. |
| McIntyre Porc. | $2.05½+1▪ | 53.25 | *5.7 |
| MacLeod-Cockshutt | †10c | 2.59 | .. |
| Nipissing | 15c | 1.10 | .. |
| Noranda | $4 | 57.50 | 6.9 |
| North Empire | ‡40c | 7.25 | .. |
| O'Brien Gold | ‡10c | .92 | .. |
| Pamour Porc. | 12c | 1.37 | 8.7 |
| Pato Cons. | 20c | 2.20 | .. |
| Paymaster | 2c | .28½ | .. |
| Perron Gold | 16c+4c | 1.78 | *11.2 |
| Pioneer, B. C. | 40c | 2.15 | 18.6 |
| Pickle Crow | 40c | 2.95 | 13.6 |
| Placer Develop. | $1.20 | 10.00 | 12 |
| Premier | 12c | .95 | 12.6 |
| Preston E. Dome | 20c | 2.82 | .. |
| Privateer Mine | ‡16c+2c | .70 | .. |
| Powell Rouyn | 20c | 1.09 | .. |
| Quebec Gold | ‡2c | .20 | .. |
| Relief Arlington | †5c | .02½ | .. |
| San Antonio | 14c+3c | 2.25 | *7.5 |
| Sheep Creek | 16c+3c | .97 | *19.5 |
| Sherritt Gordon | 10c | .79 | .. |
| Sigma Mines | ‡45c | 6.15 | .. |
| Silbak Premier | 16c | .55 | 29 |
| Siscoe | ‡11½c | .55 | .. |
| Sturgeon River | †2c | .13 | .. |
| Sudbury Basin | 2½c | 1.10 | .. |
| Sullivan Cons. | ‡9c | .63 | .. |
| Surf Inlet | †1½c | .09 | .. |
| Sylvanite Gold | 20c+5c | 2.55 | *9.8 |
| Teck-Hughes | 40c+5c | 3.20 | *14 |
| Toburn | 8c+8c | 1.40 | *11.4 |
| Upper Canada | †3c | 1.40 | .. |
| Ventures | 15c | 2.70 | .. |
| Waite Amulet | †10c | 3.60 | .. |
| Wendigo | †3c | .23 | .. |
| Wright-Harg. | 40c+30c | 6.30 | *11.1 |

*Yield including bonus. †Initial.
‡Paid or payable in 1940 to date.
▪An extra dividend of $1.11 declared payable Jan. 2, 1941.

## Investment Trusts

| | Bid | Asked |
|---|---|---|
| Affiliated Fund | 2.63 | 2.88 |
| Can. Amer. Trust | 3.00 | 3.50 |
| Can. Inv. Fund, ex-div. | 3.45 | 3.85 |
| All Can. Trustee | .... | 10.20 |
| Grouped Income | .... | 5.40 |
| Trans-Canada Shs. | 10.95 | 11.95 |

## Public Utility Earnings

Mexican Light and Power

| August: | 1940 $ | 1939 $ | Incr. $ |
|---|---|---|---|
| Gross earn. | 741,667 | 550,109 | 191,558 |
| Oper. exp. | 583,454 | 454,073 | 129,381 |
| Net earn. | 158,213 | 96,036 | 62,177 |
| **Eight Months:** | | | |
| Gross earn. | 5,231,411 | 4,710,204 | 521,207 |
| Net earn. | 1,185,885 | 742,831 | 443,004 |

## Dividends Declared

| | This payment | Date payable | Date of record |
|---|---|---|---|
| Ajax Oil & G. .... | 1½c | Oct. 31 | Oct. 5 |
| Ang. Can. Tele., p. | 68¾c | Nov. 1 | Oct. 15 |
| Ault & Wiborg. p. | $1.37½ | Nov. 1 | Oct. 15 |
| Bank of Montreal . | $2 | Dec. 2 | Oct. 31 |
| Bank of Toronto .. | $2.50 | Dec. 2 | Nov. 15 |
| Blue Ribbon, pfd. . | 62½c | Nov. 1 | Oct. 21 |
| Beattie Gold ..... | ▪4c | Dec. 5 | Nov. 15 |
| Do., extra ........ | ▪2c | Dec. 5 | Nov. 15 |
| Beatty Bros., 1st p. | $1.50 | Nov. 1 | Oct. 15 |
| B. C. Tele., 2nd p. | $1.50 | Nov. 1 | Oct. 17 |
| Bathurst Pr., A .. | 25c | Nov. 1 | Oct. 17 |
| Can. Bk. of Comm. | $2 | Nov. 1 | Sept. 30 |
| Canada Iron ...... | $1.50 | Nov. 1 | Oct. 18 |
| Do., pref. .......... | $3 | Nov. 1 | Oct. 15 |
| Do., pref. .......... | $3 | Nov. 1 | Oct. 15 |
| Can. Inv. Fd. sp. ord. | 4c | Nov. 1 | Oct. 15 |
| Cel. of Am., stk. div. | * | Dec. 10 | Oct. 11 |
| Do., prior pf. | †$1.75 | Jan. 1 '41 | Dec. 17 |
| Do., part. pfd. . | †$3.50 | Dec. 31 | Dec. 17 |
| Can. W. & Cable, A | $1 | Dec. 15 | Nov. 30 |
| Do., B .......... | 50c | Dec. 15 | Nov. 30 |
| Do., pref. .... | $1.62½ | Dec. 15 | Nov. 30 |
| Can. For. Invest. | 70c | Nov. 1 | Oct. 15 |
| Candn. Ind., A. B. | $1.75 | Oct. 31 | Sept. 30 |
| Can. Bronze ...... | 37½c | Nov. 1 | Oct. 21 |
| Do., pref. ...... | $1.25 | Nov. 1 | Oct. 21 |
| Cochenour W. ........ | 3c | Nov. 15 | Oct. 31 |
| Canadian Oil, c. .. | 12½c | Nov. 15 | Nov. 1 |
| Do., extra ...... | 12½c | Nov. 15 | Nov. 1 |
| Can. Converters .. | 50c | Nov. 15 | Oct. 31 |
| Calgary Power, p. | $1.50 | Nov. 1 | Oct. 15 |
| Coast Brew. ...... | 3c | Nov. 1 | Oct. 8 |
| Can. Investors .... | 10c | Nov. 1 | Oct. 18 |
| Com'wealth In'tl. .. | 4c | Nov. 15 | Oct. 15 |
| Coniaurum M. .... | ▪4c | Dec. 5 | Nov. 15 |
| Do., extra ...... | ▪2c | Dec. 5 | Nov. 15 |
| Cosmos Imp. ...... | 30c | Nov. 15 | Oct. 31 |
| Crown Cork ...... | 50c | Nov. 15 | Oct. 31 |
| Crow's Nest Coal . | $1.50 | Dec. 2 | Nov. 7 |
| Delnite Mines .... | 3c | Oct. 30 | Oct. 12 |
| Distil.-Seag., p. .. | †$1.25 | Nov. 1 | Oct. 15 |
| Dominion Bank .. | $2.50 | Nov. 1 | Oct. 19 |
| Dominion Tar pfd. | $1.37½ | Nov. 1 | Oct. 14 |
| Dome Mines....... | ▪50c | Jan. 20 | Dec. 31 |
| Dom. Oilcloth .... | 30c | Oct. 31 | Oct. 15 |
| Do., extra ...... | ▪10c | Oct. 31 | Oct. 15 |
| Dom. Bridge ...... | 30c | Nov. 25 | Oct. 31 |
| Electrolux ......... | 25c | Nov. 15 | Oct. 17 |
| East. Twp. Tel. .. | 25c | Oct. 15 | Sept. 30 |
| Do. .............. | 25c | Oct. 15 | June 29 |
| Granby Cons. .... | ▪†15c | Dec. 2 | Nov. 15 |
| Gurd, C., pfd. .... | $1.75 | Nov. 15 | Nov. 1 |
| Gunnar Gold ...... | 3c | Nov. 15 | Oct. 31 |
| Gt. West. Sadd., p. | 75c | Oct. 30 | Oct. 17 |
| Hallnor Mines .... | 15c | Dec. 2 | Nov. 15 |
| Hollinger Cons. ... | 5c | Nov. 4 | Oct. 21 |
| Do., extra ........ | 5c | Nov. 4 | Oct. 21 |
| Hedey Mascot .... | 2c | Nov. 15 | Oct. 23 |
| Humberstone Shoe | 25c | Nov. 1 | Oct. 21 |
| Int. Metal, p. & A pf. ........ | $1.50 | Nov. 1 | Oct. 15 |
| Do., arrears ..... | $6 | Nov. 1 | Oct. 15 |
| Inter. Util. pfd. | ‡†87½c | Nov. 1 | Oct. 22 |
| Inter. Nickel, pf. . | †$1.75 | Nov. 1 | Oct. 2 |
| Imperial Bank .. | $2.50 | Nov. 1 | Sept. 30 |
| Inter. Bronze ..... | 37½ | Nov. 15 | Oct. 31 |
| Kirkland L. Gold . | 5c | Nov. 1 | Sept. 30 |
| Do., extra ....... | 1c | Nov. 1 | Sept. 30 |
| Leitch Gold ....... | 2c | Nov. 15 | Oct. 31 |
| Loew's London, pf. | 25c | Nov. 30 | Nov. 16 |
| Loblaw Inc., ...... | †20c | Nov. 30 | Nov. 15 |
| McIntyre Porc. ... | 55½ | Dec. 2 | Nov. 1 |
| Do., extra .... | $1.11 | Jan. 2, '41 | Nov. 1 |
| Mtl. L. H. & Pwr. | 37c | Oct. 31 | Sept. 30 |
| Mtge. Corp., N.S. .. | $1.50 | Nov. 1 | Oct. 24 |
| Neon Prod., W. Can., p. .......... | $1.50 | Nov. 1 | Oct. 15 |
| Orange Crush, p. . | 35c | Nov. 1 | Oct. 15 |
| Penmans .......... | 75c | Nov. 15 | Nov. 5 |
| Do., pref. ........ | $1.50 | Nov. 1 | Oct. 21 |
| Pamour Porc. ..... | 6c | Dec. 2 | Nov. 15 |
| Privateer Mine ... | 3c | Nov. 10 | Oct. 30 |
| Do., extra ...... | 2c | Nov. 10 | Oct. 30 |
| Quebec Power .... | 25c | Nov. 25 | Oct. 28 |
| Royal Bank ...... | $2 | Dec. 2 | Oct. 31 |
| Royal Trust ....... | 80c | Oct. 31 | Oct. 31 |
| Rolland Paper .... | 30c | Nov. 15 | Nov. 5 |
| Do., pref. ........ | $1.50 | Dec. 2 | Nov. 15 |
| Regent Knit., pfd. | 80c | Nov. 1 | Oct. 15 |
| Shawinigan W. ... | 22c | Nov. 25 | Oct. 23 |
| Siscoe Gold ...... | 2½c | Dec. 16 | Nov. 30 |
| Standard Steel, c. . | $4.50 | Oct. 18 | Oct. 15 |
| Sullivan Cons. .... | 3c | Nov. 1 | Oct. 5 |
| Simpson, Robt., p. . | $3 | Nov. 1 | Oct. 17 |
| San Antonio G. .. | 7c | Nov. 5 | Oct. 21 |
| Do., extra ...... | 3c | Nov. 5 | Oct. 21 |
| Saguenay Pr., pf. | $1.37½ | Nov. 1 | Oct. 15 |
| So. Amer. Gold .. | †10c | Nov. 20 | Nov. 7 |
| South. Can. Pr., c. | 20c | Nov. 15 | Oct. 31 |
| Simpsons, pref. | $1.62½ | Nov. 1 | Oct. 17 |
| St. Law. Flour .... | 25c | Nov. 1 | Oct. 19 |
| Do., pref. ....... | $1.75 | Nov. 1 | Oct. 19 |
| Steel of Canada.. | 43¾c | Nov. 1 | Oct. 7 |
| Do., pref. ....... | 43¾c | Nov. 1 | Oct. 7 |
| Sundance Rylts. ... | 1c | Oct. 31 | Oct. 20 |
| Sherritt G. M. .... | 5c | Dec. 12 | Nov. 12 |
| Toburn Gold ...... | 2c | Nov. 22 | Oct. 22 |
| Do., extra ....... | 2c | Nov. 22 | Oct. 22 |
| Union Gas ........ | 20c | Dec. 14 | Nov. 20 |
| United Corp., A .. | 37c | Nov. 15 | Oct. 31 |
| Wendigo Gold .... | ▵3c | Dec. 2 | Nov. 25 |
| Weston, Geo., pf. .. | $1.25 | Nov. 1 | Oct. 15 |
| Walkerville Brew. | 5c | Nov. 25 | Nov. 15 |
| Wood, A. & J. pf. | $1.75 | Nov. 1 | Oct. 15 |
| Zellers, pref. ..... | 37½c | Nov. 1 | Oct. 15 |

†Payable in U. S. funds.
▪Subject to approval by Foreign Exchange Control Board.
*One share for each 30 common shares held.
‡Subject to approval of Securities and Exchange Commission and payable out of capital surplus.
▵Initial.

## DIVIDEND NOTICES

### BANK OF MONTREAL

Established 1817

DIVIDEND NO. 310

NOTICE is hereby given that a DIVIDEND of TWO DOLLARS per share upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after MONDAY, the SECOND day of DECEMBER next, to Shareholders of record at close of business on 31st October, 1940.

The Annual General Meeting of the Shareholders will be held at the Banking House of the Institution on MONDAY, the SECOND day of DECEMBER next. The Chair to be taken at noon.

By Order of the Board

JACKSON DODDS, General Manager
G. W. SPINNEY, General Manager

Montreal, 18th October, 1940.

### The Royal Bank of Canada

DIVIDEND NO. 213

NOTICE is hereby given that a dividend of two per cent (being at the rate of eight per cent per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Monday, the second day of December next, to shareholders of record at the close of business on the 31st day of October, 1940.

By order of the Board.

S. G. DOBSON,
General Manager.

Montreal, Que., October 15, 1940.

### The Dominion Bank

Dividend No. 232

Notice is hereby given that a Dividend of two and one-half per cent upon the paid-up Capital Stock of this Institution has been declared for the Quarter ending 31st October, 1940, making a total distribution of ten per cent for the fiscal year. The Dividend will be payable at the Head Office of the Bank and its Branches on and after Friday, the first day of November, 1940, to shareholders of record of the 19th October, 1940.

By Order of the Board,

ROBERT RAE,
General Manager

Toronto, 12th September, 1940.

**Canada Bread Bonds**
Bought and Sold
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

# Shipbuilding Plan Far Ahead of Schedule

### Canadian Shipyards Are Now Ready to Help Britain Turn Out Freighters — Destroyer Deal With U. S. Big Factor

By STAFF WRITER

OTTAWA.—Canada's war shipbuilding programme is now so well advanced that facilities here may soon be used to build freighters for the British Government, The Financial Post understands.

What was originally believed to be a three-year job in bringing Canada's navy up to a war footing has been compressed into a year and a half. Completion schedules are reported more than maintained.

**Destroyer Deal**

A major factor in the situation has been the acquisition by Canada of half a dozen of the over age American destroyers. This has immeasurably lessened the load. Canada, The Post is informed, can build destroyers; will probably be building and completely equipping these and larger craft before the war is over, but the immediate need has been met by the American boats.

Just what this has meant in terms of construction is indicated by the estimate of shipbuilding authorities that it will take a year to create facilities for turning out destroyers in Canada and at least another year and a half to build the first boat.

**The Corvettes**

Unlike the corvettes, which can and are being turned out in Canada in six months from the laying of the keel, destroyers are a fighting boat proposition. They are much faster than the corvettes, are more heavily armed and carry more complicated equipment. On this account they require special building facilities.

The corvettes are said to be just as useful as destroyers in combatting submarines, which are slow and highly vulnerable, and this is about all they are expected to face in Canadian waters.. For attacking fast armed converted cruisers or hostile regular surface naval vessels, on the other hand, the corvette's smaller guns and low speed for manoeuvre and smoke screen work make them fatally unsuitable.

**Maximum Production**

Like the aircraft industry, the Canadian shipbuilding programme calls for maximum immediate production with existing facilities. At the beginning of this war the Dominion had relatively large shipbuilding facilities, with little to do. There were yards, trained labor and fully manned factories for turning out complete ships of ordinary character. The corvette is little else. Provision of small naval guns, submarine detecting apparatus, searchlights, minelaying, minesweeping and depth charge equipment was not difficult. As a result the $60 millions shipbuilding campaign got under way speedily and is now nearing completion. The backbone of it is the new corvette fleet supplemented by smaller vessels.

**Can Build Destroyers**

To build offensive naval craft here, however, was another matter. There is no difficulty, apparently, about destroyer engines. Authorities are confident that these 50,000 horsepower plants can be turned out.

But the other special equipment is not so simple. Moreover, Canada cannot turn now to Great Britain or the United States for this sort of material. Those countries are too feverishly busy with their own needs. Any naval contribution on this country's part must be self-sustained.

But The Post was told plans are well under way to build complete equipment at least for smaller fighting craft. In the meantime builders of naval equipment have been helpful to Great Britain in supplying a considerable amount of vital parts, parts which in some cases were the only thing needed to put new destroyers and other ships into immediate service.

## DIVIDEND NOTICES

### The Shawinigan Water and Power Company

NOTICE is hereby given that a dividend of twenty-two (22c) cents per share has been declared on the no par value common shares of the Company for the quarter ended September 30, payable November 25, to shareholders of record October 23, 1940.

By Order of the Board.

H. G. BUDDEN,
Secretary and Assistant Treasurer.

Montreal, October 16, 1940.

### Privateer Mine Limited

Dividend No. 8

NOTICE is hereby given that a Dividend of three cents (3c) per share plus an extra of two cents (2c) per share has been declared by the Directors of Privateer Mine Limited, payable in Canadian Funds, on the 10th day of November, 1940, to shareholders of record October 30th, 1940.

By Order of the Board.

W. S. LANE,
Secretary.

Vancouver, B.C.
October 18th, 1940.

### Leitch Gold Mines Limited

(No Personal Liability)

DIVIDEND No. 9

Notice is hereby given that a quarterly dividend of two cents per share has been declared by the Directors of this Company payable in Canadian funds on November 15th, 1940, to shareholders of record at close of business, October 31st, 1940.

By order of the Board,

H. J. MACKAY,
Sec.-Treas.

October 21st, 1940.

### Walkerville Brewery Limited

DIVIDEND NOTICE

Certified Copy of Resolution

UPON MOTION duly made and unanimously carried, it was RESOLVED:

That a dividend of Five Cents (05c) per share upon the outstanding shares of the Company be paid and the same is hereby declared—said dividend to be paid on the twenty-fifth day of November, 1940, to Shareholders of record at the close of business on the fifteenth day of November, 1940.

L. A. IRION, Secretary
Walkerville, Ontario

### Beattie Gold Mines (Quebec) Limited

(No Personal Liability)
25 King Street West, Toronto
DIVIDEND NOTICE
Dividend No. 12

NOTICE IS HEREBY GIVEN that a dividend of 4 cents per share, plus an extra dividend of 2 cents per share, has been declared by the Directors of Beattie Gold Mines (Quebec) Limited, payable in Canadian funds on December 5th, 1940, to shareholders of record November 15th, 1940.

Payment of this dividend is, under present conditions, subject to obtaining the approval of the Foreign Exchange Control Board.

By order of the Board.

H. WHITTINGHAM,
Secretary-Treasurer.

October 22nd, 1940

### Quebec Power Company

NOTICE is hereby given that a dividend of twenty-five (25c) cents per share has been declared on the no par value common shares of the Company for the quarter ended September 30, payable November 25, to shareholders of record October 28, 1940.

By Order of the Board,

H. G. BUDDEN,
Secretary.

Montreal, October 21, 1940.

### Coniaurum Mines Limited

25 King Street West, Toronto
DIVIDEND No. 13

NOTICE IS HEREBY GIVEN that a dividend of 4 cents per share, plus an extra dividend of 2 cents per share, has been declared by the Directors of Coniaurum Mines Limited, payable in Canadian Funds on December 5th, 1940, to shareholders of record November 15th, 1940.

Payment of this dividend is, under present conditions, subject to obtaining the approval of the Foreign Exchange Control Board.

By Order of the Board.

H. WHITTINGHAM,
Secretary-Treasurer.

Toronto, October 22nd, 1940.

### Dominion Bridge Company, Limited

DIVIDEND NOTICE

A Dividend of THIRTY CENTS (30c) per Share on the Outstanding No Par Value Shares of this Company has been declared for the Quarter ending 31st October, 1940, payable 25th November, 1940, to Shareholders of record at the close of business on the 31st October, 1940.

By Order of the Board,

F. W. EVENS,
Secretary.

Montreal, Que.,
22nd October, 1940.

# Brown Plan Passes Court

### Reorganization of Pulp Firm Now in Final Stage

From Our Own Correspondent

MONTREAL.—Reorganization plan of Brown Co., important pulp producers in New Hampshire and Quebec, has been approved by the United States District Court in Portland, Me. The required number of all security holders have assented to the plan and all committees joined in the request for consummation of the plan. It is anticipated that it may require 60 days to execute the various provisions of the scheme.

The plan provides for borrowing $10 millions from the Reconstruction Finance Corp. which will occupy a dominant position in the revised capital structure.

Holders of the outstanding bonds will receive $600 in new general mortgage 5% due 1939 for each $1,000 principal amount now held, together with voting trust certificates for 6½ shares of new $6 cumulative convertible preferred and voting trust certificates for 28 new common shares.

Holders of the present preferred will obtain voting trust certificates for 12½ new common shares and each present common share will receive voting trust certificates for ⅜ share of new common, plus a warrant for purchase of 2½ new common shares at $8.50 a share during the six-year period.

# B. C. Power Net Shows Advance

From Our Own Correspondent

MONTREAL. — British Columbia Power reports earnings available on the Class A stock as well maintained during September. While gross earnings increased $92,657 as compared with the same month last year, operating expenses were slightly higher, leaving a balance available for the Class A stock of $169,501 as against $171,400 for September, 1939.

For the first nine months of 1940, B. C. Power had a gross income of $12,366,470 and balance for the A stock of $1,622,322. Compared with the like period of 1939 there was an increase in gross income of $691,092 and on the profits available for the Class A stock $126,406.

Comparative figures for September and the nine months ended September, 1940-1939 follow:

| September | 1940 $ | 1939 $ |
|---|---|---|
| Gross earnings ........ | 1,406,316 | 1,313,659 |
| Expenses ............. | 1,049,150 | 953,594 |
| Int. & pfd. divds. .... | 187,665 | 188,665 |
| Balance for A stock .. | 169,501 | 171,400 |
| Nine Months Ended Sept. 30 | | |
| Gross earnings ....... | 12,366,470 | 11,675,378 |
| Expenses .......... | 9,053,157 | 9,478,059 |
| Int. & pfd. divds. .... | 1,690,991 | 1,701,403 |
| Balance for A stock .. | 1,622,322 | 1,495,916 |

# Flour Exports Gain Sharply

### Running Double Pre-war Rate — But Price Improves Slowly

Flour exports so far this year have been running double the pre-war rate. For the nine months ended September, total has been almost 5.2 million barrels, compared with 3.4 million barrels for the same period in 1939 and 2.5 for 1938 or before war started. September export alone amounted to 550,000 barrels, up more than 100,000 over the same month a year ago, up 225,000 from the last pre-war September.

Values per barrel have been improving slowly. Average last month was slightly over $3.50 per bbl. against $2.84 a year ago. However, latest figures are a far cry from the $6 per bbl. back in 1937.

Wheat exports have not followed the same trend. In September, total was under 10 million bushels. This compares with over 15 million a year ago. Cumulative total for the year to date, however, is up from the same period in 1939.

Details regarding flour and wheat exports follow:

**Flour Exports**

| September: | Quantity Barrels | Value $ | Average Price $ |
|---|---|---|---|
| 1937 ........ | 306,655 | 1,855,488 | 6.05 |
| 1938 ........ | 319,739 | 1,230,963 | 3.85 |
| 1939 ........ | 416,553 | 1,185,310 | 2.84 |
| 1940 ........ | 550,754 | 1,944,206 | 3.53 |
| 9 Mos. end. Sept.: | | | |
| 1937 ........ | 3,006,934 | 17,450,548 | 5.80 |
| 1938 ........ | 2,540,325 | 13,140,211 | 5.17 |
| 1939 ........ | 3,422,504 | 10,082,114 | 2.94 |
| 1940 ........ | 5,192,380 | 20,202,898 | 3.89 |

**Wheat Exports**

| September: | Quantity Bushels | Value $ | Average Price $ |
|---|---|---|---|
| 1937 .... | 5,903,060 | 7,507,277 | 1.27 |
| 1938 .... | 12,614,858 | 8,410,294 | 0.66 |
| 1939 ...... | 15,641,142 | 10,654,517 | 0.68 |
| 1940 ...... | 9,499,854 | 8,197,601 | 0.86 |
| 9 Mos. end. Sept.: | | | |
| 1937 ...... | 64,774,751 | 85,110,304 | 1.31 |
| 1938 ...... | 51,912,891 | 52,029,010 | 1.00 |
| 1939 ...... | 91,008,092 | 55,863,129 | 0.61 |
| 1940 ...... | 100,470,813 | 88,606,103 | 0.88 |

# Seagram Net Moves Higher

### Earnings for 1939-40 Year Expected to Show Healthy Gain

From Our Own Correspondent

MONTREAL.—Profits of Distillers Corp.-Seagrams Ltd. for the fiscal year ended July 31 are expected to run in the neighborhood of $4.75 to $5 a share, against official return of $3.29 a share reported for the previous year.

Improvement in earnings for the past year was due to a sharp gain in sales during the last quarter. June volume rose substantially in anticipation of the additional taxes, so that the volume for the quarter ended July 31 ran nearly double that of the corresponding 1939 quarter.

Estimates place sales for the fiscal year at approximately $102 millions, an increase of between $17 millions and $18 millions over preceding year when gross sales stood at $84.8 millions. Indicated sales for the final quarter of the current fiscal year at approximately $30 millions, would compare with $18.2 millions for the like period of last year.

In the nine months ended April 30 the company officially reported earnings of $3.63 a share, against $3.62 a share reported in the like 1939 period.

# Canada Northern Profits Lower

From Our Own Correspondent

MONTREAL. — Canada Northern Power Corp. reports gross income in September of $408,371, or about $32,000 less than in the like month last year. Operating expenses show practically no change, leaving net earnings of $197,062 compared with $228,981 a year ago.

Cumulative returns for the nine months ended September 30 show the effect of the lower gross income. For the current year the latter was off $144,285. Against this, operating expenses increased $101,798, leaving net earnings fractionally under $1.8 million as against over $2 millions for the first nine months of 1939.

**Power Output Holds**

Last month the company's power output amounted to 58,871,453 kw.h. This compares with 61,398,689 kw.h. for September of last year.

Cumulative power production for the first nine months of this year amounts to 558,155,588 kw.h. For the same period of 1939 power output was 556,820,594 kw.h.

During September 141 new customers were added to the company's system, bringing the total number served to 25,432, as against 24,493 at the end of September last year.

Comparative figures on earnings follow:

| September | 1940 $ | 1939 $ |
|---|---|---|
| Gross earnings ....... | 408,371 | 440,325 |
| Oper. expenses ...... | 211,309 | 211,344 |
| Net earnings ......... | 197,062 | 228,981 |
| Nine Months Ended Sept. 30 | | |
| Gross earnings ....... | 3,774,339 | 3,918,624 |
| Oper. expenses ...... | 1,974,689 | 1,872,891 |
| Net earnings ......... | 1,799,650 | 2,045,733 |

# Dominion Textile Sales Up 30%

From Our Own Correspondent

MONTREAL.—Sales of Dominion Textile Co. in the six months ended Sept. 30, the first half of the company's fiscal year, exceeded a year ago by approximately 30%.

Mill operations to date have been well maintained, but there has been a slackening over the past month. Some improvement is anticipated and at this time it is not possible to arrive at any estimate of the outcome for the full year.

### BELL ISSUES SHARES

From Our Own Correspondent

MONTREAL.—Bell Telephone Co. of Canada reports that 245 additional shares of capital stock have been issued under the employees' stock plan, bringing the number of shares outstanding up to 919,479.

**Week in Wheat**

# Most Bearish News Seen Discounted

### Market Adjusted to Heavy Supply Factor—Sharp Rises at Chicago Reflected Moderately in Canada — More British Orders

From Our Own Correspondent

WINNIPEG.—New peaks for the season at Chicago have been moderately reflected here. The better feeling has been bolstered by reports of substantial orders from Great Britain for future delivery, and hope of favorable outcome of current negotiations with the Old Country for still larger orders.

Observers are growing confident that most bearish factors are now known, such as heavy stocks on this continent and light exports this fall. From now on, it is felt bullish news may begin to have more influence.

Canadian visible supply reached the record high of 432 million bushels last week, a jump of 11 million over the previous week. With weather clearing in Alberta even this rapid rate of delivery may be accelerated, at least until delivery quotas in that province are filled.

***Much Wet Grain***

Several days of good drying weather have encouraged the hope that the remainder of the Alberta wheat crop as yet unthreshed, at least a third of the total for the province, may yet be delivered to elevators in a satisfactory dry condition, instead of tough and damp.

Long interruption of threshing by wet weather has of late caused a great deal of anxiety, both to farmers and to the grain trade, as to measures which might be taken to save unthreshed grain, if the weather should not improve.

From the beginning of the season country elevators have been forced to refuse to take in damp grain, because of uncertainty as to how long it would be before it got into terminal elevators for proper treatment. Over the greater part of Manitoba and Saskatchewan this has caused no inconvenience. Rain caused some delay in threshing, but enough dry weather followed.

* * *

***Worst in Alberta***

But in Alberta there was week after week of unfavorable weather for threshing. At many elevators moisture testers have been kept going day after day, and scores of loads of grain have been rejected, the owners having no alternative but to take it back home and delay threshing once more in the hope of dryer weather.

Last week it began to look as if, in order to save the remaining crop in Alberta, room would have to be made for damp grain in terminal elevators by embargoing further receipts of dry grain, and allotting all terminal space made available by eastern shipments for tough and damp grain from Alberta.

* * *

***How Much Can Ships Store?***

There is much current discussion as to the quantity of wheat which can be placed aboard lake vessels at the close of navigation for storage during the winter. The Wheat Board and the grain trade are anxious to have as much as possible so handled, in order to make room at country elevators for additional deliveries by farmers.

But vessel owners are coy as yet about making commitments. They want to be assured of prompt unloading in the spring, or suitable remuneration if there should be delay. That feeling is especially strong among owners of American vessels, engaged in the ore trade, which frequently, after freezing weather prevents the satisfactory handling of ore, shift to grain carriage for a brief period.

Such vessels, shut out of the trade between two Canadian ports, are nevertheless eligible to move wheat from the head of the lakes to Buffalo. But their owners find the ore trade more remunerative than wheat, and do not want to risk loss of a trip with ore as soon as navigation is open in the spring.

* * *

***Think Fear Exaggerated***

Actually the fear of delayed unloading in the spring appears to be somewhat exaggerated. Overseas shipments and milling by eastern Canadian mills should take care, during the winter, of a good deal more grain than the maximum quantity of 50 million bushels which might be conceivably placed in winter storage on vessels. Room should thus be made in eastern storage position during the winter for wheat which will require prompt handling in the spring.

Some members of the shipping fraternity have been declaring that 15 million bushels represents all the winter storage space on vessels likely to be made available.

Most members of the grain trade probably hope for 25 millions, but those whose estimates go over 30 millions are considered to be optimistic. Probably it will be another two or three weeks before ideas of exporters and vessel owners are sufficiently reconciled for any close computation to be made.

# Commodity Rises Tend to Broaden

### All Indices Are Slightly Higher — Speculative Buying Appears Lacking

Commodity prices, as reflected in the different weekly indices, both spot and future, have continued to advance. The rise, while moderate, has shown a marked tendency to broaden its base, especially in items in the industrial group such as cotton, hides, rubber, silk and sugar.

The firmness appeared due to normal purchases for current and nearby needs. Speculative buying seems to be absent. The markets are watching developments in the Far East closely as participation of the European and American countries in war there would interfere with shipments of rubber and silk.

**COMMODITY PRICES**

| | Latest week | Previous week | Same week last yr. |
|---|---|---|---|
| Cattle ............ | $8.35 | $8.35 | $7.75 |
| Hogs ............. | 12.00 | 12.15 | 9.35 |
| Copper, lb. ...... | .12 | .12 | .12¾ |
| Cotton, lb. ...... | .0977 | .0975 | .0949 |
| Rubber, lb. ...... | .2038 | .2037 | .2087 |
| Sugar, raw, lb. .. | .0278 | .0278 | .0330 |
| Silk, lb. ......... | 2.82 | 2.76 | 3.46½ |
| Wheat, Man. (bu.) | .70¼ | .70⅛ | .70⅞ |
| Coffee, lb. ....... | .05⅛ | .05 | .05¼ |
| Hides ............ | .14 | .13 | .16 |
| **Weekly Indices** | | | |
| Canada (D.B.S.) ... | 83.1 | 83.0 | 78.0 |
| Do., Wood, Gundy | 86.6 | 86.6 | 65.7 |
| U. S. Labor ....... | 78.1 | 77.8 | 78.9 |
| Dow Jones (future) | 55.41 | 54.43 | 55.92 |
| Fishers' ........... | 83.4 | 82.8 | 83.9 |
| **Monthly Indices** | | | |
| Canada (D.B.S.): | | | |
| Retail (Sept.)* ... | 106.4 | 105.9 | 100.8 |
| W'sale (Aug.) .... | 82.7 | 82.4 | 72.3 |
| U. S. (July) ..... | 77.7 | 77.5 | 75.4 |
| Gt. Brit. (June) ... | 134.6 | 133.7 | 98.1 |

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base. *Base 1935-39—100.

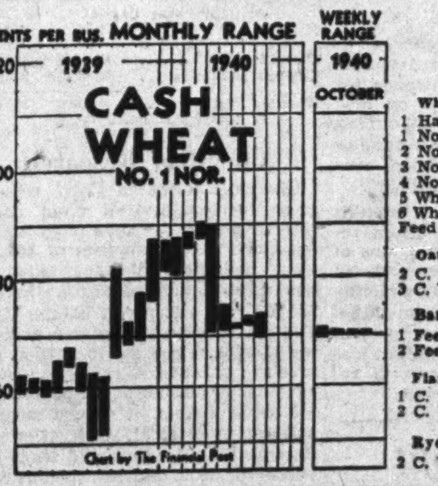
Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

# C. I. L. Extends Storage Montreal Fertilizer Unit

From Our Own Correspondent

MONTREAL. — Canadian Industries Ltd. has taken out a building permit covering the erection of a two-story storage warehouse extension to its fertilizer plant in Montreal, at a cost in the neighborhood of $7,000. Dimensions of the extension are 60 x 60 ft.

# Wheat Prices



### Cash Quotations

| | For Week Oct. 22 High | For Week Oct. 22 Low | Prev. Week High | Prev. Week Low |
|---|---|---|---|---|
| **Wheat:** | | | | |
| 1 Hard . | .70¾ | .70¼ | .70⅜ | .70 |
| 1 Nor. .. | .70¾ | .70¼ | .70⅜ | .70 |
| 2 Nor. .. | .69⅝ | .68½ | .68⅞ | .68⅛ |
| 3 Nor. .. | .67⅛ | .66½ | .63⅝ | .63 |
| 4 Nor. .. | .64⅛ | .63½ | .63⅜ | .63 |
| 5 Wheat . | .60⅜ | .59½ | .59⅝ | .57½ |
| 6 Wheat . | .57⅝ | .55½ | .55⅝ | .55 |
| Feed .... | .53⅝ | .51 | .51⅝ | .51 |
| **Oats:** | | | | |
| 2 C. W. . | .34½ | .32⅝ | .32⅝ | .32 |
| 3 C. W. . | .32⅛ | .30 | .31⅜ | .30¼ |
| **Barley:** | | | | |
| 1 Feed .. | .40⅝ | .37⅜ | .37¾ | .37 |
| 2 Feed .. | .40⅛ | .36⅝ | .37¼ | .35¾ |
| **Flax:** | | | | |
| 1 C. W. . | 1.18⅛ | 1.17 | 1.18⅜ | 1.17 |
| 2 C. W. . | 1.14½ | 1.13 | 1.14⅜ | 1.13 |
| **Rye:** | | | | |
| 2 C. W. . | .44⅝ | .43¾ | .43⅛ | .42½ |

### Winnipeg Grain Futures

Week to Oct. 22, 1940

| Crop year from Aug. 1, 1940 High | Crop year from Aug. 1, 1940 Low | | Open Oct. 16 | High for week | Low for week | Close Oct. 22 | Close year ago |
|---|---|---|---|---|---|---|---|
| | | **Wheat** | | | | | |
| .73⅝ | .70 | Oct. ............ | .70½ | .70⅝ | .70¼ | .70⅝ | .70⅝ |
| .74⅝ | .71⅝ | Dec. ............ | .71⅝ | .71¾ | .71⅝ | .71⅝ | .72 |
| .77⅝ | .75⅛ | May ............ | .75⅝ | .76 | .75⅝ | .75⅞ | .76⅝ |
| | | **Oats** | | | | | |
| .34⅝ | .27¾ | Oct. ............ | .32⅛ | .34⅝ | .32¼ | .34⅝ | .33⅝ |
| .31⅝ | .25⅝ | Dec. ............ | .30 | .31⅝ | .29¾ | .31⅛ | .31⅛ |
| .31 | .26⅝ | May ............ | .30⅛ | .31 | .29⅝ | .30⅝ | .31¾ |
| | | **Barley** | | | | | |
| .42 | .31½ | Oct. ............ | .38⅝ | .42 | .38⅝ | .41⅜ | .42⅛ |
| .39⅝ | .30½ | Dec. ............ | .38¼ | .39⅞ | .38 | .39½ | .43 |
| .41⅛ | .33⅝ | May ............ | .38⅝ | .40⅛ | .38⅝ | .39⅝ | .43⅝ |
| | | **Flax** | | | | | |
| 1.34⅛ | 1.16½ | Oct. ............ | 1.17 | 1.18⅝ | 1.16⅝ | 1.18¼ | 1.68 |
| 1.34⅛ | 1.15¼ | Dec. ............ | 1.16⅝ | 1.16⅝ | 1.15¼ | 1.15⅝ | 1.62½ |
| 1.39⅝ | 1.16 | May ............ | 1.18⅞ | 1.20⅛ | 1.18⅞ | 1.19⅝ | 1.60¾ |
| | | **Rye** | | | | | |
| .46⅛ | .40⅛ | Oct. ............ | .42⅛ | .44⅝ | .42⅛ | .44⅜ | .39⅛ |
| .47⅛ | .40⅝ | Dec. ............ | .44¼ | .45⅝ | .44¼ | .45¼ | .38⅝ |
| .50 | .44⅛ | May ............ | .47⅝ | .48⅝ | .47⅝ | .48⅝ | .37⅝ |

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# Consolidated Sand Profits Better

Moderate increase is reported in earnings of Consolidated Sand & Gravel, Ltd., for the six months ended Sept. 30—first half of current fiscal year—as compared with the same period of 1939. Net profit of $9,650 in the 1939-40 fiscal year compared with a loss of $5,620 in the previous year. The company is a subsidiary of Standard Paving & Materials.

The company is engaged primarily in the distribution of sand and gravel for construction purposes. Heavy demands on such business in defense and war construction being carried out by Ottawa has been felt by Consolidated Sand.

More business currently is on hand than at the same time a year ago. The company's season ordinarily is wound up for the most part about the end of November. This year might, on the other hand, be somewhat different if demands for military construction were so urgent as to require more than the usual amount of building being carried out into the milder winter months.

# United Cigar-Whelan Reports Quarter Profit

United Cigar-Whelan Stores Corp. reports consolidated earnings from operations for the quarter ended Sept. 30, 1940, of $21,675 after taxes, depreciation, amortization and bond interest. This compares with a loss of $72,275 in the corresponding quarter in 1939 and a loss of $29,240 for the three months ended June 30 this year.

For the nine months ended Sept. 30, 1940, loss from operations was $97,239 compared with a loss of $276,638 in the first nine months of 1939.

# Saguenay Transmission Issues 800 Shares

From Our Own Correspondent

MONTREAL. — Quebec's public Service Board has given authority to Saguenay Transmission Co. to issue 800 shares of capital stock at $15 a share. This stock will be taken up by the Saguenay Power Co. and paid for by a reduction in the open account indebtedness of the transmission company.

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**Week in Mining**

# Vast U.S. Copper Need May Spur Work Here

## U. S. Mines Bureau Forecasts 361,000 Tons Needed Over Next Three Months—Production About 80,000 Tons Monthly

According to the United States Bureau of Mines, a huge increase in copper consumption is taking place in American industry. Following a special survey of the copper industry, the Bureau estimates that no less than 361,000 tons of the red metal will be required in the next three months.

Apparently consumption of copper is about to far exceed output as production of copper mining and refining companies—operating at full speed—are now producing roughly 80,000 tons a month.

With the addition of scrap it is estimated about 85,000 tons of copper can be made available a month. No immediate shortage of copper is feared due to supplies on hand. Large supplies of foreign copper, however, may have to be imported into the United States after a time, it is believed. This new demand is already proving important to Canada.

• • •

### *Meaning to Canada*

The greater market in the United States means Canada can now dispose of concentrates from Granby Consolidated and Howe Sound Co. with little difficulty, shipping to the United States market. There appears at the moment to be no danger whatever of the embargo on supplies for Japan meaning too much copper on hand at home.

Canadian producers are now receiving a fixed price for copper which offers little incentive to search for new mines. However, if new demand pushes up the world price of copper—as it has been recently — there seems to be no reason why Canada should not consider expansion of copper producing facilities. Indeed, if Great Britain needs more copper than at present, the British Empire will probably have to be the source as the United States apparently needs all its own copper and more. As the safest potential source of supply, Canada is a logical place to look for more of the red metal.

• • •

### *Custom Milling*

From time to time construction of custom mills has been advocated in Canada to provide milling facilities for properties which have no production facilities but which together have a considerable tonnage of ore available.

A few years ago construction of a custom mill in the Cadillac area was mooted to allow treatment of ore from certain mines in the general area. However, individual mills were constructed and the need passed. More recently there has been agitation for a custom copper smelter on the B.C. coast. In this case shipment of copper concentrates to the United States has proved feasible.

• • •

### *One Needed Now?*

In eastern Canada a custom mill might now be used to advantage in the Larder Lake area in view of the pressing need for a greater gold output to finance war requirements. In this area there are several properties which might justify erection of a mill with a big enough capacity to give low costs.

In the main Larder Lake sector, Cheminis Gold Mines has reportedly outlined 321,607 tons of ore with a total gold content of $1,932,025. There is also known to be some tonnage of ore available at the two neighboring properties of Fernland Gold Mines and Barber Larder Gold Mines. Farther south Martin Bird Gold Mines has developed 158,800 tons of ore averaging about $7 a ton. South of that again, Yama Gold Mines could contribute a large tonnage.

• • •

### *Quebec Drilling*

Exploration and development in Quebec, though less than could be desired, is holding up fairly well.

One of the largest companies engaged in diamond drilling in Quebec, Inspiration Mining & Development Co., reports that approximately the same footage was drilled in the first nine months of this year as in the corresponding period of last year. If the same situation holds with the other drilling contractors in Quebec, a good deal of work is being carried on. One of the factors that has encouraged operators to continue exploration is the reduced price on drilling. Drilling firms have cut their costs to the bone and mine operators are securing the benefit.

• • •

### *Owned Lake Shore*

How would you like to buy Lake Shore at $300? Not at $300 a share, but $300 for the whole thing. One man in Toronto tells how he did just that.

The story begins like a fairy tale, many, many years ago. Our man, one of the earliest in the Kirkland Lake area, purchased a group of claims where Lake Shore is now located from a prospector who had staked them. The price was $300. After spending $1,000 on the claims, results did not seem favorable enough and he dropped them in favor of retaining a group of claims adjoining Golden Gate. He still has the Golden Gate claims, but he hasn't his Lake Shore.

After the Lake Shore claims were dropped, no one was sufficiently interested to restake the ground for seven years. Even when Lake Shore finally acquired the property, surface showings were not impressive—just a vein a few inches wide.

# *Profits Increase At Hudson Bay*

An increase in profits is shown by Hudson Bay Mining and Smelting Co. for the first nine months of 1940 with net earnings of $4,107,840 equal to $1.49 a share compared with $1.33 a share in the corresponding period of the previous year.

The profit of $1.49 a share for the first nine months of 1940 compares with full year profits of $1.90 in 1939. The higher 1940 profit is due at least in part to the greater tonnage of ore milled with 1,377,242 tons of ore going to the mill in the first nine months of 1940 compared with 1,259,761 tons in the comparable period of 1939.

# Preston Finds Widest Body

## Tenth Level Hole Gets 170 Ft. Running Better Than Quarter Ounce

Diamond drilling at the 1,175-ft. or 10th level of Preston East Dome Mines has revealed an ore body of startling proportions, according to information from Timmins. A flat drill hole put out northeast from the station has returned a value of better than a quarter of an ounce per ton for 170 ft. of ore with sections yet to be assayed.

From present indications it is believed the drill hole has revealed the true width of the ore body. Trend of ore bodies is in a northwest-southeast direction and the drill hole was drilled to the northeast. The ore body may prove high grade in character as a 30-ft. section of core is understood to have approached ounce grade.

**Start New Holes**

Drilling of flat drill holes is now being started to determine the lateral extent of the new ore body. No information is available on the vertical extent of ore body but the footwall ore bodies usually occur as large lenses although nothing approaching the present showing has previously been secured. Conditions are stated becoming more like those at the adjoining Dome mine. Ore does not occur in veins but in recurring lenses.

Diamond drilling at the eight level is now believed to have located the downward extension of the high grade hanging wall structure with a drill hole returning 4 oz. per ton across a width of one foot. At the seventh level both hangingwall and footwall zones have been drilled with more ore stated to be indicated than on levels above with better than mine grade.

# Dome Net Holds Despite Taxes

## Increased Value of Production Proves Valuable Assistance

Estimated net profit of Dome Mines for the first nine months showed little change, amounting to $3,037,621 compared with $3,046,253 for the corresponding period of 1939. Figures are before depreciation, depletion and adjustment of surplus and reserve accounts.

Earnings per share were $1.56 unchanged from the first nine months of last year.

An increase in production value by approximately 10% was an important factor in offsetting an increase in taxes from $594,304 to $1,171,285 in 1940. Output was valued at $5,955,140 from 465,000 tons of ore for an average recovery of $12.81 per ton. This compared with $5,480,833 from 460,500 tons of ore and average recovery of $11.90 the first nine months last year.

Another factor helping the company to maintain its position in 1940 has been increase in non-operating income. Last year $191,590 was received from non-operating income and this was increased to $453,381 in 1940, largely through dividends received from the subsidiary, Sigma Mines (Quebec).

In the first nine months of this year the company had an expense of $194,598 for foreign exchange. There was no charge for this item in 1939. Dividends are now being paid in Canadian funds and it is anticipated that this expense will now disappear.

**UCHI OUTPUT UP**

Record production of $358,872 is reported by Uchi Gold Mines for the three months ended Sept. 30, 1940, from milling of 60,096 tons of ore for an average recovery of $5.97 a ton. This compares with $276,899 from 50,717 tons of ore in the immediately preceding quarter with average recovery of $5.46 a ton.

# W. Hargreaves Has Best Year In History

## Earnings Reach 77 Cents a Share, an All-time High —Output Up

Highlights of the annual report of Wright-Hargreaves for the fiscal year ended Aug. 31, 1940, are as follows:

Net profit a new record high of $4,234,920 with earnings equal to 77 cents a share compared with 74 cents the previous year.

Bullion production higher not only in value but up 4,597 oz. in quantity in response to the government appeal for as large an output of gold as possible.

Working capital at $4,756,456 on Aug. 31, 1940, practically unchanged from the end of the previous year.

Continuation of the company's exploration of 1940 with an option taken on the property of White-Guyatt Mines.

Ore reserves were slightly lower at 1,431,464 tons of 0.52 oz. ore on Aug. 31, 1940, compared with 1,516,961 tons of 0.53 oz. ore a year previous.

Due to the war the company purchased a large stock of supplies of various types both as a matter of economy and protection. A considerable saving has been effected.

A larger tonnage of ore was milled in the latest fiscal year with 443,930 tons going to the mill compared with 436,250 tons the previous year. Tailings from the company's mill are being sent to Lake Shore Mines on a trial run. These tailings are to be floated and put through the Lake Shore roasting plant.

**Income and Surplus Account**
**Years Ended Aug. 31**

| | 1940<br>$ | 1939<br>$ |
|---|---|---|
| Bullion production .. | 8,729,477 | 7,828,494 |
| Less: Dev. & mining . | 1,590,650 | 1,560,422 |
| Milling ............ | 933,670 | 929,585 |
| General expenses .. | 479,213 | 433,848 |
| Bullion marketing . | 79,106 | 77,439 |
| Taxes .... ......... | 1,285,000 | 712,000 |
| Net oper. earnings ... | 4,361,838 | 4,115,399 |
| Add: Interest ........ | 38,726 | 40,541 |
| Discounts .......... | 2,821 | 3,073 |
| Surface rights ..... | 5,615 | 56,300 |
| Total net earnings ... | 4,409,000 | 4,215,313 |
| Less: Depreciation ... | 174,080 | 170,975 |
| Net profit ............ | 4,234,920 | 4,044,338 |
| Less: Dividends ..... | 4,066,370 | 3,876,188 |
| Surplus for year ..... | 168,550 | 168,150 |
| Add: Prev. surplus .. | 4,678,506 | 4,660,323 |
| Less: Develop. w/o .. | 110,000 | 134,000 |
| Ont. tax—1939 ..... | 61,657 | ...... |
| Tax adjusts. ........ | 21,740 | 15,967 |
| Balance forward ..... | 4,653,659 | 4,678,506 |
| **Earnings per Share and Dividend Record:** | | |
| Earned ............. | $0.77 | $0.74 |
| Paid ............... | 0.40+0.30 | 0.40+0.30 |
| **Working Capital** | | |
| Current assets ....... | 7,059,494 | 6,513,587 |
| Current liabilities .... | 2,303,038 | 1,741,768 |
| Working capital ..... | 4,756,456 | 4,771,819 |

# Broulan Details Bonetal Deal

## Can Secure Total of 1,082,500 Bonetal Shares, if Desired

Details of the company's share in financing the adjoining Bonetal Gold Mines is revealed in the quarterly report of Broulan Porcupine Mines, now going forward to shareholders.

With the complete exercise of its agreements on shares, it is revealed that the company can secure a total of 1,082,500 shares at a cost of $262,455. As at Sept. 30, 1940, the company held 302,500 shares which had been acquired at a cost of $47,955. In addition Broulan has underwritten 195,000 Bonetal shares for $48,750 and holds options on a further 585,000 shares at a cost of $165,750.

It is anticipated that the Broulan mill of 300 tons capacity will begin operations late in October and that a fair volume of production will be handled in November. Production will be continued at the leased Mace mill until the company's new mill is in full operation.

**Earnings at Peak**

Earnings for the three months ended Sept. 30, 1940, set a new record for quarterly profits amounting to $153,373 compared with $147,834 in the preceding quarter and $97,383 in the first quarter of this year, after allowing for all charges except federal and provincial taxes. Earnings per share were 5.7 cents in the September quarter compared with 5.5 cents in the second and 3.6 cents in the first quarter of 1940.

The company's balance sheet as at Sept. 30, 1940, showed net current assets of $201,017 after allowance for all payables. Expenditures on new construction to Sept. 30, 1940, amounted to $248,340 with further expenditures on mill and plant estimated at approximately $110,000.

Production for the three months ended Sept. 30, 1940, was a new record at $296,575 from 27,013 tons of ore for an average recovery of $10.98 a ton. In the preceding month, $291,577 was recovered from 26,634 tons of ore with average recovery of $10.95 while first quarter output was $238,559 from 26,571 tons with recovery averaging $8.98 a ton.

# *McIntyre Profit Continues Rise*

A further rise in profits was shown by McIntyre Porcupine Mines in the three months ended Sept. 30, 1940, with earnings of $982,894 equal to $1.23 a share compared with $1.09 a share the same period last year. A gain of a cent a share was also shown over the preceding quarter.

Operating costs were more than $20,000 lower in the September quarter at $1,121,280 as against the previous quarter, while taxes were practically unchanged at $387,740. Depreciation allowance was approximately $2,000 higher at $51,057. Production was slightly lower.

# Why Gold Mining Stocks Are Showing New Strength

What is behind the present activity in shares of gold mining companies on Canadian mining exchange? An upturn which started in a small way as far back as last July has continued right through to the present with only minor interruptions, suggesting a radical change in market sentiment.

The mining market improvement seems due to a variety of reasons. When France was invaded last June the market was most pessimistic. Junior gold issues were particularly depressed with unpooled stock of new producers overhanging the market.

At that time there were fears that the United States would stop paying $35 for gold. But that situation has been radically changed. Britain has shown that she can survive and ultimately triumph. Assistance to Britain for this reason has now become a keynote of United States policy. The $35 gold price has become an important way of furthering that assistance. With Canada aiding in defense of the western hemisphere, the United States is just as interested in Canada receiving a $35 gold price as the United Kingdom.

**An Essential Industry**

But the international situation as it affects gold is only one factor in the present revived market for stocks. Gold mining in Canada is now recognized as an essential industry to be encouraged. Mines are on the preferred list for steel supply. Recruiting was suspended in mining areas before other places in order that the skilled mine labor would not be lost. Gold mines have been called on for as large a gold output as possible, at the same time have been assured that they would be given every assistance for uninterrupted operations. Appointment of a Metals Controller was as much recognition of the importance of the gold mines problems as anything else.

**Taxes Softened**

A continued exemption of new gold mines from the 18% corporate income tax for three years was implemented under the latest budget so gold mining would be encouraged. It is an important factor in the rapid growth of new mines and has found a ready response on the stock market. Even on the 12% excess profits tax minimum there is a depletion allowance of one third, so that actual minimum tax is 8%. Similarly the tax based on 75% excess value of output reduces down to 41% of excess value with exemptions. In either case the excess profits tax for new mines is more than offset by the 10% increase in the Canadian price for gold since last September.

The excess profits tax has not proved a burden to the larger gold mines either. Recent company statements prove that. The 10% increase in the price of gold may mean as much as a 20% increase in profits before taxes. A new tax which takes away the higher of 8% of net profits after depletion or 41% of the extra value after exemptions, still leaves a higher profit than before if the same grade of ore is being treated.

The stock market now reflects this fact. No gold mining company has had to cut dividends because of the excess profits tax alone.

Individuals are finding the 20% depletion allowance on mining dividends an important consideration with heavy income taxes.

**Yields Bring Buying**

High yields have been playing an important part in attracting new attention to gold stocks. Around the end of last June there were 10 gold mining issues yielding 20% or higher. Returns ranged all the way up to 50%. Only five stocks are yielding 20% or more now. But yields available are apparently still bringing investor buying.

It's the same way with earnings. At the end of June one or two issues were selling quite close to their annual operating earnings in spite of the fact that years of ore had been outlined ahead. Definite buying has come into these issues and practically all are now selling for at least twice annual operating earnings. Mines are wasting assets, but even allowing for this, yields were unusually high. With a still lower rate on the second war loan there has been little incentive for idle capital to wait for long yields in bonds.

**Property Results Felt**

Junior gold issues have been singled out particularly for purchase on the mining market. It was these issues that suffered most severely last June and it is not surprising they made a comeback. But there is more to the situation than that. Developments in connection with individual properties such as Kerr-Addison Gold Mines, East Malartic, Preston East Dome, Upper Canada Mines, Broulan Porcupine, Chesterville and Cochenour Willans have been most impressive. In peacetime there would have been all the ingredients for a market boom.

In recent weeks the market has been placing a more adeqate valuation on new properties. Week by week disclosures at an increasing number of properties suggest Canadian gold mining is widening out in new directions. The tone of the whole market has been improved.

**Prospecting Successful**

Prospecting has had a much better measure of success in 1940 and this in the face of a reduced volume of prospecting. As reported in The Financial Post last week there have been at least five important discoveries of gold in Ontario fields alone this year. Although prospecting was on a much more impressive scale last year, nothing like the same number of finds was reported. Yellowknife has also shared in this year's field sucess. Prospecting news has not yet had much reflection in market action but people are looking forward to today's prospects to help the market in days to come.

**New Dividend Payers**

Many of the new producers have been able to start dividend paying in the last six months. This has brought investment buying. Many people had been impressed with high earning power but they did not like to buy something that didn't show a yield. East Malartic Mines, Kerr-Addison, Upper Canada, Broulan Porcupine, Cochenour Willans and others are now paying dividends. They are being looked on as investments rather than speculations. Yields on some of the new producers are so high that there has even been some tendency noted to switch from some of the higher price issues into junior golds, where growth has been impressive to say the least.

**Indebtedness Paid Off**

Besides the mines that have started paying dividends there are several others such as Chesterville which have paid off indebtedness and are in a much stronger position from a financial standpoint than was previously the case. Particular attention has been paid recently to both Aunor and Chesterville, expected to make their maiden dividend declarations shortly.

With the United States in this war —in sentiment if not in fact—renewed interest in Canadian gold stocks has sprung up to the south. The U. S. publication, Barron's, has pointed out the exceptional yields available on Canadian gold stocks at purchase prices available to Americans. Evidently U. S. fears of not being able to take dividends out of Canada have been dispelled.

**Dangers Exaggerated**

When war broke out, all kinds of dangers to gold mining were envisaged. Soaring supply costs were anticipated, labor shortages seemed possible, while memories went back of gold mines being closed down in the last war.

Conditions of the last war have not been repeated, however, and people are becoming more and more confident that they will not apply in 1940. Gold is an essential instrument of war finance and the market now appreciates that the gold producer must be encouraged. To date supply costs have not become excessive and most producers have been able to protect themselves against a rise in costs. Equipment deliveries have perhaps been slow, but requirements of most of the mines for new equipment are not usually pressing. In any case, it is not expected that all-important gold production is going to be lost, or the shareholder's profit for that matter, while the war is being financed. So the market says.

# Company Reports

## Coast Breweries

Coast Breweries Ltd. reports a gain in gross profit in the year ended June 30, 1940, of about 17% to $851,055. Net profit at $270,013 is up just under 10%. The company paid regular dividends of 12 cents a share again out of net profits equivalent to 15 cents a share.

Financial position shows some strengthening. Cash of $197,301 is up from $169,360.

Investments in Capital Estates Inc. and advances amount to $157,693 compared with $139,435 a year earlier. In General Brewing Corp., a Capital Estates affiliate, shares to the amount of $108,670 are held and advances total $64,364, practically unchanged. Holdings of Interstate Brewery Co. amount to a 5½% first mortgage with interest accrued to June 30, 1938, at $99,136 and a 6% second mortgage of $25,000. Dividends on the shares of General Brewing held have been paid to Sept. 30, 1938.

**Consol. Income and Surplus Account**
**Years Ended June 30**

| | 1940<br>$ | 1939<br>$ |
|---|---|---|
| Gross profit ........... | 851,055 | 723,345 |
| Less: Expenses ....... | 279,811 | 265,838 |
| Legal fees ........... | 489 | 910 |
| Directors' fees ...... | 1,150 | 1,200 |
| Executive salaries .. | 20,400 | 20,400 |
| Bad debts ........... | 2,600 | ...... |
| Donations to R.C.A.F. | 8,000 | ...... |
| Prov. for inves. depr. | ...... | 2,103 |
| Net earnings ........ | 538,605 | 432,894 |
| Less: Depreciation ... | 74,386 | 76,096 |
| Income & E. P. tax. | 194,206 | 111,167 |
| Net profit ........... | 270,013 | 245,631 |
| Les: Dividends ...... | 216,378 | 216,378 |
| Surplus for year ..... | 53,635 | 29,253 |
| Add: Prev. surplus .. | 197,935 | 173,682 |
| Less: Goodwill w/o .. | 5,000 | 5,000 |
| Earned surplus fwd. . | 246,570 | 197,935 |
| Earned per Share: ... | $0.15 | $0.14 |
| Paid ............... | 0.12 | 0.12 |
| Shs. Outstand., n.p.v. | 1,803,150 | 1,803,150 |
| **Working Capital** | 1940<br>$ | 1939<br>$ |
| Current assets ....... | 612,143 | 508,433 |
| Current liabilities ... | 248,343 | 207,104 |
| Working capital ..... | 363,800 | 301,329 |

## Chemical Research

Chemical Research Corp. reports gross income derived from court case of $69,790 for 1939 from which legal and other expenses of $38,250 were deducted. Various expenses and salaries totalled $4,838, leaving $26,702 as a net profit before U. S. Federal income tax. After deducting income tax of $4,070, a final net profit of $22,632 was carried to earned surplus account. A balance of $45,460 is shown in earned surplus account at Dec. 31, 1939, after deducting $20,494 as prepaid legal expense for 1938. Earned surplus was $43,322 at the end of 1938.

The company's balance sheet at Dec. 31, 1939, shows cash and receivables of $758. Accounts and taxes payable total $60,581.

Chief asset shown on the balance sheet is an investment of $7.2 millions in Gyro Process Co. Rosenthaler, Shekell & Co., auditors, state that this value should be materially reduced.

Gyro Process Co., subsidiary of Chemical Research Corp., balance sheet at Dec. 31, 1939, shows cash of $317,016 and accounts, commissions and taxes payable of $287,768. Patents are shown at $169,146, less amortization of $111,642 and polymerization license at $75,000, less amortization of $30,469. Earned surplus amounts to $267,536.

# Plan Big Programme To Bring Tourists

From Our Own Correspondent

OTTAWA. — Foundations for a broad programme to develop Canada's tourist trade for next year—vital in supplying precious foreign exchange—were laid at a conference of experts from near and far held here last week.

From the not altogether happy experience of the 1940 tourist business, three important lessons were learned:

The need for starting now to get good results next year.

The importance of the work of voluntary organizations in boosting wartime tourist trade.

The need for greater interest and planning on the part of municipalities and groups to provide tourist attractions for visitors when they do arrive.

The meeting included officials of Dominion and provincial tourist organizations. Representatives of railways and other bodies sat in. The meeting was held under the auspices of the newly-formed interdepartmental advisory committee on tourist trade set up recently at Ottawa. It is assuming responsibility for national wartime development in this field.

On a few notable occasions in the past, Ottawa has made attempts to tackle the tourist business in a broad, national way. Most important of these was the formation in 1934 of the Canadian Travel Bureau. This was a direct result of special investigations undertaken by the Canadian Senate, under the chairmanship of Senator Dennis of Halifax.

**What's Recommended**

Specific recommendations of the recent meeting for next year's programme included:

Year-round publicity by all tourist organizations, instead of sporadic displays prior to each of the most popular travel months.

Collection of more accurate and complete information on tourist travel by the Dominion Bureau of Statistics, especially as to incoming tourists and their probable destination.

Study and development looking to greater use of color and sound films for theatre showings, especially in the United States.

Special report by Canadian Broadcasting Corporation on all-Canadian radio programmes designed to get attention of U. S. listeners. Two cost estimates were sought, one on a 26-week basis and another on an all-year round programme.

Encouragement of voluntary tourist organizations with the suggestion that they work in close co-operation with the provincial tourist bureau.

Recommendation that the Canadian Association of Tourist Bureaus become an advisory body to the Federal interdepartmental advisory committee on the tourist industry.

**Spent $2 Millions**

In reporting on activities during the year, E. Leo Dolan, director, Canadian Travel Bureau, estimated that $2 millions was spent by all Canadian tourists organizations on promotion in 1940. There were 61,241 enquiries received by the bureau until the end of September, 91.8% were from the United States, 7% from Canada and the remainder from all other countries.

The number of tourists entering Canada from the United States during the past eight months showed a drop of more than 2 million from the same period last year. The eight months total this year was 9,825,000. Mr. Dolan estimates the total for the entire year might reach between 14 million and 15 million people. He expressed optimism that the estimated value of the tourist business would approximate $250 millions for 1940, a decrease of between $25 and $30 millions from 1939.

Wide interest was shown in the report of voluntary organizations.

In Toronto, for example, it was reported that over 600,000 pamphlets had been distributed among scores of industrial and financial houses, both in Canada and the United States. These pamphlets were all paid for by individual firms making the distribution. This, it was felt, gave assurance that the pamphlets would be widely and thoroughly distributed.

An exceptionally fine response was reported by the Toronto Committee from commercial broadcasters. The Committee was instrumental in having the cause of "friendly Canada" mentioned over a large number of important international hook-ups throughout the year. The Committee urged co-ordination of the work of voluntary groups from one central point, preferably at Ottawa.

It cited from its experience to show the wide interest which could be aroused by "good host" campaign, conducted on a voluntary basis as part of the war effort in Canada and by well-planned publicity among American firms and newspapers on behalf of visiting "friendly Canada."

**PICKLE CROW OUTPUT**

Production of Pickle Crow Gold Mines for the three months ended Sept. 30, 1940, is reported at $709,925 from 35,590 tons of ore for an average recovery of $19.94 a ton. This compares with $700,159 from 36,696 tons of ore and an average of $19.08 in the preceding quarter.

# *Add Big Blocks Of Mine Stock*

The five large United States investment trusts included in the tri-continental group added 8,200 shares of McIntyre-Porcupine and 1,200 shares of International Nickel to their portfolios in the quarter ended Sept. 30, as well as 200 shares of American Cyanamid B.

Sales in the period included 250 shares of Aluminium Ltd. None of these trusts had held McIntyre at June 30. Total holdings of International Nickel now amount to 55,700 shares while 7,520 shares of Aluminium Ltd. are retained.

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# New Board to Advise On All War Charities

## Red Cross Refuses Move For Joint Appeal — All Others Willing But Chairman Warns Against Compulsory Action

From Our Own Correspondent

OTTAWA. — Desite absence in England of Hon. James Gardiner, Minister of National War Services, representatives of voluntary war service organizations in Canada met here last week to attempt a solution of wartime campaign and organization problems.

The meeting had two results:

It met a blank refusal by the Canadian Red Cross Society to consider any form of joint appeal.

It appointed a new body, the National War Services Advisory Board, to consider: "Appeals by general canvass of national war service organizations and to advise the Minister with regard to the merits of such appeals, after examination of their annual financial statements, their proposed budgets and their programme of service."

The new Board was also authorized to advise the Minister as to the fixing of dates for these national appeals.

**Each Gets Representation**

The Board is to consist of one representative nominated from each organization concerned, subject to confirmation by the Minister, and at least an equal number of members-at-large, as determined and appointed by the Minister, Chairman of the committee is to be appointed by the Minister.

Organizations which will be represented on the new Board include: Canadian Red Cross Society, K. of C. Army Huts Fund, Canadian Legion War Services Fund, Y.M.C.A. War Services Fund, Salvation Army Red Shield War Services Fund, Navy League, Y.W.C.A. and the I.O.D.E.

Reasons put before the meeting for refusal by the Canadian Red Cross Society to consent "at this time" to enter into any joint appeal were given briefly as follows:

The organizations concerned are an integral part of the public life of Canada and should be maintained as separate entities. Unified appeal would tend to break down the individual organization and merge individual identity.

Each organization depends on personal enthusiasm in order to function. Unification of appeals would tend to destroy this vital factor in the life of these organizations.

Voluntary contributions are necessary to assist Government services. Since "infinitely less" could be secured from the public by united appeal, it was in the national interest, despite inconvenience to the public and extra work imposed on canvassers to keep alive "the need of giving" by frequent appeals to the finer instincts of the people.

Canadian Red Cross Society occupies a peculiar position in relation to the Canadian public and the war. It is the one organization with the most widespread appeal. It is an emergency organization and could not budget for monetary requirements from year to year, as could other bodies. It is part of an international movement and must retain its individual entity at all costs.

**All Others Willing**

Representatives of the Salvation Army, Y.M.C.A., the Knights of Columbus, the Canadian Legion, the Navy League, the I.O.D.E. and the Y.W.C.A. all expressed willingness to join in a united appeal.

In the case of both the Salvation Army and the Y.M.C.A., these bodies stated they would prefer to go their separate ways, but were prepared to submerge their personal views for the sake of unity.

These organizations supported a unified appeal on the ground that there seemed to be an ever-increasing body of public opinion demanding such action. This was evidenced by the fact that there was a mounting tendency on the part of local communities in Canada to take matters into their own hands and bring about unity in drives for funds in such communities.

The feeling was expressed that this attitude arose because people who gave, objected to the ever-recurring appeals being made to them and the people who made them. Also, the people who did the canvassing, in many cases, the same people in every drive, felt that too much was being demanded of them in time and effort. There was also a public feeling that a lot of unnecessary expense could be saved by coordination.

**Did Not Want Compulsion**

As an alternative to unified action, the Committee canvassed the possibility of other organizations, exclusive of Red Cross, combining in one appeal. Representatives of the Salvation Army and the Y.M.C.A. stated they were only authorized to agree to unite providing that all, including the Red Cross, joined in a national appeal. Other organizations stated they were prepared to join in a united appeal irrespective of what action was taken by the Red Cross.

Mr. Justice T. C. Davis, Associate Deputy Minister of the Department of National War Services, chairman of the meeting, expressed the view that since these organizations were voluntary it is doubtful if it would be in the interests of the nation that any power of compulsion be exercised to force anything in the way of unification which was not deemed by them in the interests of their organization.

It was indicated that the whole situation would be reviewed immediately on the return of Hon. James Gardiner from England.

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# Chesterville's Net Rises

### Profit in 3rd Quarter at 29-cent Rate After Everything But Taxes

Production and profits of Chesterville Larder Lake Gold Mining Co. have shown steady growth in 1940 with earnings of $124,168 before taxes in the September quarter equal to 7.26 cents a share or a 29-cent annual rate. Operating earnings before write-offs, depreciation and taxes were $170,497 or 9.97 cents a share.

In the preceding quarter operating and net earnings were equal to 8.8 and 6.42 cents a share, respectively, before taxes. In the 3½ months ended Mar. 31, corresponding figures were 6.45 cents and 3.77 cents a share.

**Tax Allowance**

Provincial, excess profits and mining taxes for the year ended Dec. 15, 1940, are estimated by the company at $61,000 or 3.75 cents a share issued. There are 27,100 of 1,735,559 issued shares held in trust for the company.

Balance sheet at Sept. 30, 1940, showed total current assets of $123,575 including $6,394 cash and $117,174 bullion in transit. Current liabilities were $60,277, leaving $63,298 working capital. Stores not included in working capital totalled $51,232. The company's bank loan has been completely retired. On Dec. 31, 1939, there had been an excess of current liabilities over current assets amounting to $224,728. Stores were $51,053.

It is now expected that an initial dividend of at least three cents a share will be declared this coming December.

**Record Production?**

Production in October appears to be well on the way to establishing a new record. In the first 18 days, output amounted to $83,703 from milling of 12,633 tons of ore, an average recovery of $6.63 a ton. In September the company produced $118,010 from 20,879 tons of ore while output in the record June month was $124,782 from 18,632 tons of ore.

Recent work has been making ore news. Four drill holes put down from surface have revealed considerably more ore than expected in "A" body near the surface above the first level, particularly near the east boundary. Previously it had been expected that little ore would be found in this locality. "A" ore body is the most important ore body so far opened up.

**Drill Results**

A diamond drill hole put out from the 401 crosscut to the northwest has returned 5 ft. of core running 0.27 oz. and 10 ft. running 0.075 oz. This is out in new territory. A hole drilled to the southwest from the same location gave 5 ft. at 0.09 oz., 5 ft. at 0.1 oz. and 10.5 ft. averaging 0.07 oz.

No decision has yet been reached on the point but it is expected that shaft sinking to the 1,000-ft. horizon will be started in December.

---

### BEATTIE EXTRA

An extra dividend of 2 cents a share has been declared along with the regular dividend of 4 cents a share by Beattie Gold Mines. Both dividends are payable Dec. 5, 1940, to shareholders of record Nov. 15. Ex-dividend date is Nov. 14.

---

# Week in Oils

### *New Wildcats*

From Our Own Correspondent

CALGARY.—The number of Alberta "wildcat" areas under active development was increased to 18 this week, when operations got under way at the Trans-Alberta No. 3 well six miles southwest of Lethbridge, and at Northwest-West No. 1 well on the Blood Indian Reserve, 23 miles southwest of Lethbridge.

The Northwest-West No. 1 well, in L.S.D. 3 20-5-23w4, was spudded in on Oct. 17 and, early this week, was drilling below 376 ft. with new powerful rotary equipment. The well is backed by the Northwest Co., development subsidiary of Imperial Oil.

It is understood that the Madison limestone objective is looked for around 6,000 feet. The well will provide a test of the more southerly of two large structures in the Blood Reserve area defined in a seismic survey by Heiland Research Corp. of Denver. Under a recent agreement with lease-owners, West Petroleums and Treaty Petroleums, the Northwest Co. is to test both structures.

* * *

### *Drill Old Well*

After a lengthy shutdown, operations have been resumed at Lethbridge Pete No. 1 well, now known as Trans-Alberta No. 3, in L.S.D. 12 11-8-22w4. Eight-inch casing is now being run to bottom at 2,874 ft. Some gas is reported coming up from bottom hole. The Bow Island sand, from which large gas production may be obtained, is expected around 2,980 ft. soon after actual drilling is resumed.

Trans-Alberta officials state a market is assured for natural gas and, if a heavy flow is obtained in the Bow Island sand, drilling will be completed in that horizon. Rotary equipment is now on hand at the lease and will be installed to carry drilling deeper in search of crude oil if this is considered desirable.

* * *

### *Steveville Progress*

The Standard Oil of British Columbia's Princess No. 2 well in the Steveville area, spudded in Oct. 5, was making rapid progress below 2,525 ft. early this week, only 800 to 900 ft. above the Madison limestone.

Resumed last week after standing for some months at the top of the Madison lime, Anglo-Canadian Oil Co.'s Steveville No. 2 was coring and drilling 79 ft. in the lime below 3,341 ft. early this week. It is planned to carry drilling to around 4,500 ft. in search of oil and gas horizons in the Madison and Underlying Devonian limestones comparable with those found at the Standard-Princess No.1.

* * *

### *Vermilion Completions*

Six wells have been completed during the past month in the Vermilion area, in central eastern Alberta, and three of them may join the ranks of the crude oil producers. Vermilata Frankview No. 2 started pumping test last week, but a gravel packer permitted sand intrusion about 30 hours after pumping started. The hole and pumping equipment were being cleaned out this week. While on pump, the well produced at a rate of approximately 40 bbls. daily but, due to the sand conditions at the time, it is impossible as yet to predict capabilities.

Pumping equipment is installed at the Western Battleview No. 1 and Richardson No. 1 well, two other recent Vermilion completions, and tests were expected to start by this week end. Conestoga No. 1, drilled three weeks ago, is waiting pumping equipment for test.

* * *

### *Other Wells*

The fifth and sixth recent completions in this field were marked up last week. Western Drilling Co. completed Acme No. 1 well in L.S.D. 5 20-50-5w4, half a mile south of the discovery producer Battleview No. 2, and S.W.S. Drilling Co. completed Franco-Dalton No. 1 well in L.S.D. 12 25-50-6w4, an outpost test two miles west and three quarters of a mile north of the Battleview No. 2 producer.

Acme No. 1 was completed a few feet in the Lower Cretaceous oil sand at 1,834 ft. Casing has been set. Franco-Dalton was carried about 1,840 ft., 27 ft. below the top of the oil sand contact, and apparently reached the underlying water horizon. Oil with some water was reported. Before testing the oil zone an effort will be made to shut off the water.

* * *

### *Sheppard Creek Well*

The Sheppard Creek test, being drilled jointly by A. R. Con. Oils and McDougall Segur, reported an encouraging formation change early this week. The cable bit passed from dense limestone, in which it had drilled since reaching the Madison objective recently, into softer crystaline lime which may overlie a porous and perhaps oil-productive horizon. Drilling is proceeding below 5,728 ft., 245 ft. in the Madison.

* * *

The Turner Valley development programme received still further impetus this week, with the locating and commencement of operations at three more well sites. The new locations are Southwest No. 5, to be drilled by the Northwest Co. in L.S.D. 2 8-19-2w5; Lion-Sunray No. 2, to be drilled with the sponsorship of Lion Oils and Sunray Petroleums in L.S.D. 1 13-19-3w5; and Home-Millarville No. 7, to be drilled by the Home Oil Company in L.S.D. 13 33-20-3w5.

---

# Mining Concentrates

**Bulolo Gold Dredging** reports an operating profit of $259,245 in United States funds in September from production of 15,575 oz. of gold. This compares with profit of $253,890 in August when production amounted to 15,389 oz.

* * *

**Central Cadillac Mines** recovered $35,776 from treatment of 5,242 tons of ore during September for an average recovery of $6.82 per ton, according to J. H. Evans, resident engineer. In addition, $7,402 was obtained from tube-mill clean-up, making the total bullion production for the month approximately $43,174. Ore milled was drawn mostly from the third and fourth levels.

* * *

**Cournor Mining Co.** put a flat diamond drill hole through the new 684 zone during September. The hole intersected 71.9 ft. of vein material which is thought to represent a flat-lying vein. On the north side, 9.2 ft. averaged 2.78 oz. per ton with the remainder low grade. Twenty-seven vein intersections have been had at surface which give an uncut average of 0.16 oz. over 4.92 ft., it is stated. During September two new ore bodies were developed in the Beaufor mine. Production for the month was $51,506 from 6,010 tons of ore, an average of $8.57 a ton.

* * *

**De Santis Porcupine Mines** reports a slightly lower production in September:

| 1940: | Tons milled | Tons daily | Recov. per ton<br>$ | Total recov.<br>$ |
|---|---|---|---|---|
| September | 4,945 | 165 | 5.08 | 25,131 |
| August | 4,983 | 161 | 6.04 | 30,099 |

* * *

**Delnaur Gold Mines** has been formed to take over a group of four patented claims adjoining Delnite and Aunor Gold Mines on the south.

An offering of 200,000 shares at 15 cents a share is being made to provide funds for development.

* * *

**Golden Gate Mining Co.** production was lower than usual in September at $15,684 from 2,045 tons of ore milled for an average recovery of $7.65 a ton. Output is stated to be back to normal now with production of $10,000 the first half of October.

* * *

**Howey Gold Mines** realized a $68,000 operating profit in the three months ended Sept. 30, 1940, compared with $48,400 the preceding quarter. Production for the period was slightly higher at $253,000 from 137,899 tons of ore hoisted as against $237,000 from 136,600 tons the preceding quarter.

* * *

**Inspiration Mining & Development Co.** completed about the same footage of drilling during the first nine months of 1940 as the comparable period of last year, according to a statement of M. A. Thomson, president. Company owns over 125,000 shares of East Malartic, over 200,000 shares of Malartic Goldfields, over 100,000 shares of Sladen, over 100,000 shares of Pascalis, and "sizeable amounts" of Hollinger, Wright-Hargreaves, Perron, Macassa, Kerr-Addison, International Nickel, Canadian Malartic, etc. In addition, the company holds over 1 million shares in projects more or less in prospect stages.

* * *

**Longlac Lagoon** shareholders are now receiving a distribution of one Elmos share for each four Longlac Lagoon shares held following release of Elmos shares held from pool.

* * *

**Lake Shore Mines** showed lower production in its September quarter:

| Quarter ended: | Tons milled | Tons daily | Recov. per ton<br>$ | Total recov.<br>$ |
|---|---|---|---|---|
| Sept. 30/40 | 154,179 | 1,676 | 16.81 | 2,592,357 |
| June 30/40 | 167,872 | 1,845 | 18.00 | 3,022,379 |

* * *

**Macassa Mines** production was slightly lower in September as follows:

| 1940: | Tons milled | Tons daily | Recov. per ton<br>$ | Total recov.<br>$ |
|---|---|---|---|---|
| September | 12,360 | 412 | 17.54 | 216,813 |
| August | 12,780 | 412 | 17.67 | 225,771 |

* * *

**Naybob Gold Mines** reports option on 200,000 shares has been extended three months to Jan. 20, 1941.

* * *

**Cymry Gold Mines** proposes to give a three months' option on its property to "a large company in the Kirkland Lake area," according to J. H. Thomas, president. If results prove satisfactory, it is planned to form a new company capitalized at 3 million shares, it is stated.

* * *

**Spud Valley Gold Mines** showed a slight increase in production in September over the preceding month:

| 1940: | Tons milled | Tons daily | Recov. per ton<br>$ | Total recov.<br>$ |
|---|---|---|---|---|
| September | 2,453 | 82 | 24.52 | 56,172 |
| August | 2,498 | 81 | 21.77 | 54,377 |

* * *

**Sullivan Consolidated Mines** reports net profit of $132,506 for three months ended Sept. 30, 1940, compared with $135,861 in the corresponding period last year. Production has been slightly higher amounting to $302,347 for the September quarter from milling 32,380 tons of ore as against $292,494 from 31,567 tons in the same quarter last year.

* * *

**Thompson-Lundmark Gold Mines** had completed its shaft to a depth of 627 ft. late in September and crosscutting to the Fraser vein at the 600-ft. horizon is under way. After the vein is intersected the shaft will be continued to open up a further level at 750 ft. depth. The former Cordova mill is at Yellowknife and most of the material for mill construction is stated to be en route. The right of way for a transmission line is being cleared.

* * *

**Upper Seine** mill heads are currently reported to be running around $20 a ton. It is stated the mill will soon be treating over 50 tons daily.

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# Senator Output At 250 Tons

### Milling Started Oct. 15—Output $9,121 For First Six Days

Milling operations by Senator-Rouyn at the mill of Arntfield Gold Mines started on Oct. 15. In the first six days of milling, $9,121 was recovered from milling 1,519 tons of ore. An additional $5,200 of gold was estimated to be tied up in the mill circuit during the period.

A gold brick scheduled to be poured on Oct. 23 was expected to be worth around $10,500.

**Mill 253 Tons**

For the first few days all ore milled came from the dump but the mine is now providing 175 tons of ore daily. The proportion of ore from the mine is being gradually increased with less being taken from the surface dump. In the first six days an average of 253 tons daily was treated at the Arntfield mill, or slightly higher than called for under the Arntfield agreement.

No difficulty was found in averaging 250 tons of ore in the Arntfield mill right from the start. Over 250 tons daily, the thickener has shown a tendency to slime over. It is planned to continue treating 250 tons of ore daily until it is found what extraction and tailings loss are. For the first six days tailings were only slightly over 40 cents a ton.

**Grade 0.25 to 0.3 oz.**

According to the mine manager, it is expected that the mine average will be above 0.25 oz. and will likely be nearer 0.3 oz. Car samples from some box holes have given above that figure. Stope preparation is under way and some actual stoping has already been done.

The company changed over to its new headframe on Oct. 15. The shaft house is now being housed in and covered.

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# Mining Enquiries

### Litte Long Lac

Shares of Little Long Lac Gold Mines are selling much lower than a few years ago. Does this represent a worsening of the company's earning position?

Little Long Lac Gold Mines had earnings equal to 31 cents a share in 1939 compared with 24 cents a share in previous year. Ore reserves were maintained during 1939 and results from exploration at depth show no diminution in values in the main Little Long Lac vein as depth has been reached. It appears that dividends can be maintained at 30 cents a share per annum in interim payments as in the past few years in spite of the higher taxes the company must now pay.

### Teck-Hughes

Does Teck-Hughes Gold Mines appear to be reaching the end of its productive life? How is the Lamaque subsidiary helping the company?

Teck-Hughes Gold Mines has benefitted materially from an increase in the price of gold by 10% which is allowing the company to treat a considerable tonnage of material which hitherto would not have shown a profit. Ore reserves have continued to decrease slightly during the past year and there has been no notable new discovery that would suggest a real betterment in the mine situation.

Dividends from Lamaque Gold Mines have allowed the company to increase net profits in the last two fiscal years and this is certainly a bright spot in the company's affairs. Operations of Lamaque have now been stabilized.

### Kirkland Lake

Would you say that Kirkland Lake Gold Mining Co. has been maintaining its position recently? I am interested in the stock from an investment point of view.

Kirkland Lake has been experiencing steadily improved results the last few years, ever since a better type of ore body was discovered in the hanging wall structures of its mine.

Earnings for the first six months of this year were equal to 6.73 cents a share and it is anticipated that the full year profit will approximate that of 1939 which was equal to 14.6 cents a share. Directors have been generous in dividend distribution, and at the present price the shares are returning quite a high yield.

### McKenzie Red Lake

Please outline for me the highlights of the present position of McKenzie Red Lake Gold Mines. Is there any chance of an increase in mill capacity?

McKenzie Red Lake Gold Mines has opened up fine new ore exposures in its northern area which will likely play an important part in the company's future—possibly allowing an enlargement in mill capacity.

Earnings last year were a new record of 18 cents a share. Production has been somewhat lower so far in 1940 but this has been due to temporary conditions and currently officials look on 1939 results as more normal for the company. Ore reserves are understood to be approximately two years' milling requirements.

---

## Madsen Production Sets New Record

A new record for quarterly production was set by Madsen Red Lake Gold Mines in the three months ended Sept. 30, 1940, at $333,532 from 34,554 tons of ore for an average recovery of $9.65 a ton.

In the preceding quarter, production had also been a record at $278,793 from 36,401 tons of ore, an average of $7.65 per ton. Included in production for the September quarter was $20,212, recovered from a ball mill clean-up in July, covering an 11 months accumulation since the previous clean-up.

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# *Bralorne Output Value Higher*

From Our Own Correspondent

VANCOUVER.—Although production was actually less by 3,206 ounces, Bralorne production value in the first nine months of this year was higher at $2,954,221, compared with $2,797,865 in the corresponding period of the previous year.

The Empire shaft at the end of September was approaching the twentieth level, which is the present objective. Work is progressing satisfactorily in making connection between the Crown and Empire shafts on the twentieth level, and preparatory work is under way to replace the present Empire hoist with a larger unit.

The Bralorne subsidiary in Nevada, the Summit King, continues to respond favorably to development, the company reports.

---

# Macassa Net Off Last Quarter

### Higher Production Not Sufficient to Offset Increased Costs

Although total production of Macassa Mines amounted to $655,389 in the three months ended Sept. 30, 1940, compared with $648,114 the previous quarter, the increase in production was not sufficient to completely offset higher taxation. Estimated net profit was slightly lower at $241,206 compared with $263,721.

Earnings were equal to 9 cents a share compared with 9.8 cents in the June quarter. Direct charges and write-offs showed little change in the September quarter from the preceding quarter but taxes rose quite sharply at $108,775 as against $73,522 the preceding three months.

Earnings for the first nine months of this year were 28.1 cents a share, it is estimated.

Production of $655,389 the three months ended Sept. 30, 1940 was obtained from milling 37,850 tons of ore for an average recovery of $17.32 a ton. In the previous quarter, $648,114 was recovered from 37,425 tons of ore for an average recovery of $17.32 a ton. Total production for the first nine months is $1,941,042 from 112,506 tons of ore, an average of $17.25 a ton.

---

## Option Terminates On Franco Shares

The option on shares of Franco Oils held by W. C. Pitfield & Co. was partially exercised but the exact number of shares taken up has not been disclosed. Balance of the option expired Oct. 3, 1940.

Early consideration of a drilling campaign involving some ten wells is reported to be under consideration by the company.

---

# Granby to Ship Output to U.S.

### Net Profit For Nine Months $504,250 After All Charges

From Our Own Correspondent

VANCOUVER.—Although the embargo on copper to countries other than the Empire and the United States will adversely affect the profits of Granby Consolidated Mining, Smelting & Power Co. its mining operations will continue and concentrates will be shipped to Tacoma for treatment by the American Smelting & Refining Co.

A deal with American Smelting & Refining was completed with the provision that Granby will have the right to have its copper returned to it if either the Canadian or British Governments desire to purchase it.

The embargo made it necessary for Granby to cancel its long-term contract with Mitsui and Mitsubishi interests in Japan which had been responsible for the re-opening of the Copper Mountain mine and Allenby concentrator two years ago after a shutdown since 1922.

Granby's operating profit for the nine months ending Sept. 30 amounted to $645,630 after deduction for interest and taxes, and after deducting from this figure the usual reserve for depletion and depreciation, net income for the period was $469,185. This compares with $522,536 and $411,002 for the same period of 1939.

Adding exchange credits of $221,027 and deducting reserves of $185,961 for income taxes would give a net for the period of $504,250 (Canadian currency).

Enlargement of the power plant was substantially completed by the end of September, with only a few minor alterations and adjustments remaining to be done. Installation of the 10,000 kw.h. unit was completed the latter part of August, and it has been in continuous operation since.

During the third quarter additional debentures were purchased amounting to $18,100, leaving $288,000 outstanding, as against $398,200 on Sept. 30, 1939.

---

## Sladen Malartic Profit Lower Last Quarter

Operating profits of Sladen Malartic Gold Mines showed a decrease in the September quarter with $58,084 reported compared with $106,183 in the immediately preceding quarter and $55,505 in the first quarter of the year.

A recent discovery on the 725-ft. level is stated to be of considerable importance. It is expected to furnish a mill feed well above the present mine average. A length of 200 ft. averages about $8 across 15 ft. This ore body is still open at both ends and will be investigated by drifting at the 500-ft. horizon.

Drilling has indicated the extension of the National Malartic south ore body on three horizons and a crosscut is nearing it at the 725-ft. level.

---

# Siscoe Gold Mines Profits Lower

### Quarterly Dividend Reduced to 2½ Cents a Share—3 Cents Before

Lower net earnings are reported by Siscoe Gold Mines for the first nine months of 1940 at $385,823 compared with $520,796 for the same period of last year.

Earnings per share were 2.815 cents for the September quarter, bringing the total for the nine months up to 8.315 cents against 11.23 cents last year.

**Dividend Reduced**

At a meeting of directors held last Friday, a dividend of 2½ cents a share was declared. Previously this year, three quarterly dividends of 3 cents had been paid.

Tonnage milled during the first nine months of 1940 was higher at 174,317 tons against 162,493 tons the same period of last year. Gross income, however, was lower at $1,374,449 compared with $1,508,441 for the same period last year. Operating costs were reduced at $773,551 against $785,780. Depreciation was also lower at $97,745 against $115,680 last year. Taxes were up at $117,330, however, contrasted with $86,185, in 1939.

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**Dumico Gold** shareholders have approved an agreement with Beattie Gold Mines and D. H. Angus for sale of assets to a new company on a one new share for three old basis.

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## Chesterville Profit Near Half Million

Net operating profit of $447,145 before taxes was realized by Chesterville Larder Lake Gold Mining Co. in the first nine months of 1940, it is reported. September operating profit was $57,962 before taxes.

Production for the first nine months amounted to $955,550. Mill capacity was increased to 700 tons daily in July and full capacity is now being used, it is stated. Operating costs in September were down to $2.90 a ton.

Although milling in 1940 will result in extraction of more than 200,000 tons of ore, no decline is looked for in ore reserves at the end of the current year. At the increased milling rate of 700 tons daily, an ore backlog of 3½ years' supply is stated to exist.

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### WENDIGO DIVIDEND

An initial dividend of 3 cents a share has been declared on the new shares of Wendigo Gold Mines payable Dec. 2, 1940 to shareholders of record Nov. 25.

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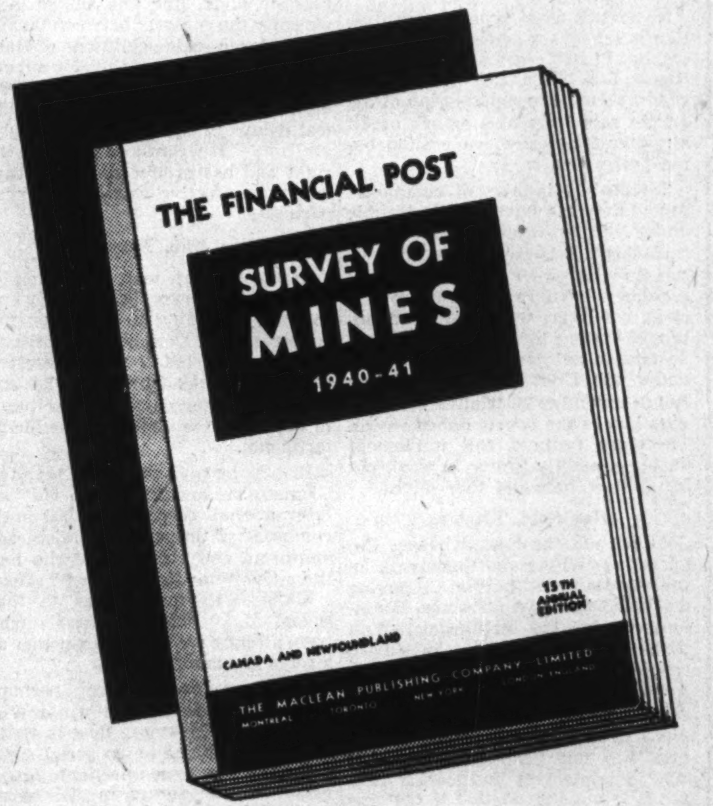

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# Finds Groups Sceptical About New Co-operative For Sale of Implements

From Our Own Correspondent

REGINA.—A $1 million farm implement co-operative has been formed by farm organization representatives to cover the Canadian prairies, but there does not appear to be a unanimous approval of the project.

The Alberta Wheat Pool and the United Grain Growers are somewhat sceptical about the feasibility of the project and are holding back. Appointments to the directorate of the co-operative have been left open for these two organizations.

The Alberta Wheat Pool is understood to take the position that if the co-operative is to operate on a credit basis it is doomed to failure. The U.G.G. has experience. It sold farm implements to prairie farmers back in the years leading up to 1922 but as a result of losses irate shareholders demanded the organization withdraw from this field.

The U.G.G. foray into the farm machinery business still has kickbacks on the prairies. Farmers write in to established implement companies asking whether parts for equipment sold them by the U.G.G. can be obtained. Such letters can be seen on file in almost any implement house on the prairies. The equipment sold was obtained through out-of-the-ordinary channels. As one implement dealer has put it, farmers buying equipment through this channel may make an immediate saving, but on the long haul they lose because proper parts for their equipment are not obtainable.

The new co-operative, launched at Saskatoon, will have a Dominion charter, is capitalized at $1 million of 10,000 shares of $100 each. Method of organization will be through district co-operatives, possibly 30 to 35 of them, which will sell to farmers from $10 to $40, according to acreage held, in district co-operative shares. Then the district co-operative will purchase from the central co-operative its block of shares, thus providing the central unit with capital.

The central unit will be the purchasing body and it is expected a company, not necessarily in Canada, may be approached with a deal to supply equipment. There is in the United States a Government subsidized implement co-operative and it is surmised the prairie co-operative will be interested in obtaining equipment as cheaply as possible from a subsidized unit. It is the intention of the co-operative to sell at market prices and return profits to the farmers in patronage dividend form.

### Has Broad Aims

In view of the fact overhead expenses of the co-operative will be fairly heavy for the first year of operation, it is probable that there may not be a patronage dividend at the end of the first year of operations. Shareholders will also be entitled to interest on their capital invested.

The co-operative will be known as the Canadian Co-operative Implements, Ltd.

Principal purpose of the co-operative according to its own enunciation is: To carry on in Canada and elsewhere, on a co-operative basis the business of manufacturing, producing, importing, exporting, buying, selling, assembling, exchanging, repairing, warehousing, trading and dealing in implements, machinery, vehicles of all kinds, tools, commodities for agricultural or domestic use, supplies required by merchants, dealers, farmers and consumers and the equipment used in distribution thereof by merchants and dealers, and materials or things required or conveniently dealt with in connection with or incidental to such business.

Officers are:

**President**, H. L. Fowler, Regina, head of Consumers Co-operative Refineries.

**First vice-president**, Colin H. Burnell, vice-president Manitoba Pool Elevators.

**Second vice-president**, Edward Peterson, secretary of the Alberta Co-operative Wholesale.

**Secretary**, B. N. Arneson, Regina, Provincial Government registrar of co-operative associations and markets commissioner.

**Directors**

T. G. Bobier, Saskatchewan Wheat Pool director.

W. F. Popple, Manitoba Co-operative Wholesale manager.

James McCaig, Saskatchewan Co-operative Wholesale president.

George A. Clash, Alberta Marketing Board chairman.

### Rough Path

The path of co-operative enterprise in Saskatchewan, which is regarded as the spearhead of such ventures on the prairies, has been none too smooth since the first co-operative was formed in 1914. Since then and to Dec. 31, 1938, according to a survey made by W. J. Hansen and A. H. Turner, and reported in the Economic Annalist of February and April of this year, 1,090 co-operative associations have been formed in Saskatchewan and at least 50% of them (531) have gone out of business. Mismanagement was blamed for 114, lack of interest 91 and 80 never got beyond incorporation.

In 126 of them all share capital was lost and in the remaining 405 shareholders obtained 70 cents on the dollar upon dissolution. Failures, according to the Hansen-Turner survey, were uniformly distributed throughout the province.

### Lost 65% of Investments

In their summary the investigators report it is significant that mismanagement or lack of proper management has accounted for the largest class of failures and has also involved the shareholders in the greatest degree of personal loss.

Over a 25-year period it has been estimated that share capital investment lost by shareholders has amounted to $350,510 or 65% of total share capital invested.

Concerning the directorate of the Canadian Implement Co-operative Association Limited, it has been pointed out that no one on the board can be classed as an expert in the purchasing or marketing of farm implements.

No matter what type of organization is set up for selling to consumers, it will still come under the Civil Rights Limitation Act which limits vendors' rights to repossession of the article sold only and makes credit a matter for close consideration before sales are made.

Established implement companies report they are having little trouble under the provincial law as they find there is a large class of consumers who prefer to pay their way regularly. There is, of course, a class, not large, which takes advantage of the law but as one implement dealer has pointed out, when a case under the Civil Rights Limitation Act or any other restrictive measure, goes before the courts nobody wins. Therefore farmers and implement dealer generally prefer to work out the matter between themselves.

### Has Sold Tractors

At present the Saskatchewan Cooperative Wholesale Society is in the implement business, having marketed the Co-op Tractor, manufactured by the Arthurdale, West Virginia, government — subsidized co-operative. This unit has closed its Arthurdale plant to reopen a more central factory at Shelbyville, Indiana. The wholesale society's business has not been large since it started implement business in 1938, but it is understood that if the new co-operative gets under way by next spring the wholesale co-operative will drop the implement angle of its operations.

Another co-operative on a sizeable scale is the Consumers' Co-operative Refinery, in Regina, which grossed more than $1 million last year with a net profit of $151,897. During last year the plant was increased from a 500 barrel daily capacity to 1,500 and is now having some difficulty obtaining the required amount due to federal oil director's wartime restrictions.

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# B. C. Timber Cut Climbs High

From Our Own Correspondent

VANCOUVER.—British Columbia's activity in lumber production this year is indicated by the fact that the log scale for the first eight months totalled 2,246,914,120 board feet, an increase of 84 million feet for the period.

The log scale was exclusive of poles, ties and cordwood.

Most of the cut was of fir, which accounted for 1,105 million board feet. Of western hemlock 467 million feet were cut, and there was a cut of 268 million feet of cedar, and 130 million feet of spruce.

## Fairchild Aircraft Building Runway

From Our Own Correspondent

MONTREAL.—Fairchild Aircraft Ltd. will go ahead with the extension of its flying field providing a 4,000-ft. hard surface runway at a cost of approximately $64,000. Announcement to this effect was made at the annual meeting of stockholders by H. M. Pasmore, president, on the authority of the Department of Munitions and Supply.

### WALKERVILLE BREWERY PAYS

A dividend of five cents a share has been declared on the common shares of Walkerville Brewery Ltd., payable Nov. 25, 1940, to shareholders of record Nov. 15. Last previous payment was 2½ cents a share on April 15, 1939.

# Still More Comment On Big Post Issue

*From newspapers all over Canada come words of high commendation for The Financial Post's special 96-page issue of Sept. 21, presenting the word picture of the nation's war effort under the title, "Canada's Industrial Front." Here are a few typical quotations about the issue from newspapers diverse in geography and point of view.*

*These are additional to two score references already reprinted.*

### Acton Free Press

The recent 96-page issue of The Financial Post, which portrayed in picture and story the part the industry of Canada is playing in the war effort, was indeed commendable. Canadians are contributing to winning the war in many ways and the least of these is certainly not the transformation that has taken place in industry in the past year.

### Trail Times, B.C.

A special industrial edition setting forth Canada's war effort in industry has been issued by the Financial Post. "Victory Is Being Forged in Canada," says a headline in this edition which describes what the nation is doing in airplane building and training, the army and navy, food, guns, munitions, oil, power, research, ships, shells, machine tools, metal and textiles.

It is an inspiring story that the Financial Post tells and one that will encourage the Canadian people in their tremendous effort.

The picture it presents is a strong contrast, and far cry from the defeatist squabble after the Bren gun episode that filled the columns of the Financial Post and other Canadian papers a couple of years ago.

### Moncton Times, N.B.

Probably the first newspaper account of the whole Canadian war industry effort is contained in The Financial Post, expanded by an 80-page supplement for the occasion. The effort of gathering the necessary material, illustrating it and putting it out in readable form must have been considerable and is to The Post's credit. More than anything else produced so far, it gives the general picture of what Canada as a nation has started in the last three months to do to aid Britain.

### Eastern Underwriter, New York

One of the best special issues I have seen recently is the Sept. 21 number of The Financial Post of Toronto, which contains 96 pages of pictorial and reading matter about the Dominion.

This issue is particularly noteworthy because it prints in considerable detail the story of Canada's industrial front in the great international crisis. It tells the story of how victory is being processed in Canada—in the workshops of Canada an industrial revolution is happening as factories, farms, forests and mines join to create sinews that will win the war. It cites how Canada has become an arsenal of embattled democracy.

### News & Citizen-Sun Truro, N.S.

The Financial Post has recently published an 80-page edition treating with Canada's wartime industrial effort. The edition gives an amazing pile of information relative to what Canada is spending, producing and about to produce. We congratulate the editors of the paper not only on the mass of valuable material produced but also on the method of presentation. To read the edition is to make one more appreciative of Canada's greatness, and of the strides made by our country since the outbreak of the First Great War.

### The Porcupine Advance

A recent issue of The Financial Post, of Toronto, reviews Canada's industrial front in so effective and complete a way that there can be no question but that the factories, the farms, the forests and the mines of Canada are being so organized and conducted that there can be no denial of the fact that on the industrial front Canada is making a very notable effort.

In its 96-page issue, replete with information, and brightened by illustration, The Financial Post tells, the story in detail of the remarkable work being done in factories, farms and mines in Canada to help win the war. On the front cover page of the issue, The Financial Post quotes the striking words of Premier Churchill: "The front line runs through the factories, the farms, the mines. The workmen are soldiers, with different weapons, but the same courage."

The scope and purpose of the edition is indicated by a unique form of index to the notable array of articles.

Mr. Floyd S. Chalmers, the editor of The Financial Post, his staff and all associated in any way with him in the enterprise are to be congratulated and commended on this outstanding special edition. From every angle it is an accomplishment of value and of merit. At the moment it is a genuine patriotic service—giving a graphic picture of the part being played by Canada on the industrial front and inspiring to increased effort and interest.

# New Books . . .

## Power Politics of 'Planes

AIRPOWER. By Major Al Williams. Published by Longmans, Green & Co., Toronto. Price $4.50.

Major Williams, whose flying exploits have made him something of a newspaper hero, and who writes an aviation column for the Hearst papers, has bundled together all his notes to produce this fat volume on air power in modern warfare.

Had he confined himself to his factual material on the relative air power of the different nations and his popularized account of the technical details of the aircraft now making the headlines — Messerschmidts, Dorniers, Junkers, Hurricanes, Spitfires, Bristol-Blenheims, etc.—he would have produced a volume worthy of closest attention.

The flying major is no doubt something of an authority on airplanes in peace and war. He has visited the biggest factories of Germany, Italy and Britain; he has discussed air strategy with the ablest men in each country; he has flown—or flown in—even some of the "hush-hush" planes now making history. He has a passion for interesting detail but can make the most technical subject interesting.

### Falls for Fascism

But the major ventures into the field of international politics and therein he will lose the confidence of many of his readers. For in discussing the motives of different nations in respect to such matters as the Abyssinian war, the Spanish war and even the present war he oversimplifies the issues involved.

Williams seems to have swallowed Fascism hook, line and sinker. Apparently the contrast between the efficient large-scale operations of Italy and Germany in building for superior air power and the easy-going blundering of France and the political delays in Britain was too much for him. He confuses might with right and has produced a book that is rather effective Nazi-Fascist propaganda.

### Nice Man, Mussolini!

In the Spanish war, for example, Mussolini's intervention had only one interest, according to Williams: the suppression of Communism. Britain, on the other hand, was interested only in a weak Spain so that she could use it for naval and air bases to win back domination of the Mediterranean.

Britain, he says, conspired with the Communists and France to aid "an international force of 50,000 men composed of thugs, Communists, adventurers and volunteers" who had the audacity to fight against Franco.

Major Williams belongs to that school of aviation enthusiasts who have already written of sea power as a force in modern affairs.

These comments are perhaps enough to indicate that while Williams evidently knows how to write about an airplane or an aerial campaign, he is a most unreliable interpreter of the forces in the background. A book that talks about the people of the United States having to choose between "principle and profit" and choosing the latter—by selling munitions to the Allies—is hardly a suitable one to be offered to the Canadian public.

## Serial Bond Maturity Is Met by Montreal

From Our Own Correspondent

MONTREAL. — City of Montreal has met a serial bond obligation of $450,000 payable in New York funds and maturing Oct. 15, The Financial Post learns. Since the city's affairs came under jurisdiction of Quebec Municipal Commission last May it has been practice to default principal on term bonds as they mature, but to pay all obligations of serial character as they fall due. The city continues to pay interest on both defaulted principal and unmatured blocks of term bonds.

## British Columbia May Offer Bonds

British Columbia may be doing some financing, The Financial Post learns. Details are not available although some announcement is expected from Provincial Treasurer Hart, probably next week.

The province has not sold bonds since June, 1939, when $4 millions of 5½-year, 3¼% debentures were sold, partly in New York. British Columbia has a maturity of $1.4 million on Dec. 31 this year.

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